

# **Estimates of National Expenditure**

**2014**

**Abridged version**

ISBN: 978-0-621-42406-5  
RP: 01/2014

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

Published by the National Treasury

To obtain copies please contact:

Communications Directorate  
National Treasury  
Private Bag X115  
Pretoria  
0001  
South Africa  
Tel: +27 12 395 6697  
Fax: +27 12 315 5126

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). Compared to this abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

Printed by FormeSet Printers Cape (Pty) Ltd



---

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

**UNION BUILDINGS, PRETORIA, 10 MAY 1994**

---



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



# **Estimates of National Expenditure**

## **2014**

### **Abridged version**

**National Treasury  
Republic of South Africa**

26 February 2014





# Foreword

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

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

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

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

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

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



**Lungisa Fuzile**  
**Director-General: National Treasury**



# Contents

<b>Introduction</b> .....	i
<b>Information contained in Estimates of National Expenditure chapters</b> .....	xxv
1. The Presidency .....	1
2. Parliament .....	11
3. Cooperative Governance and Traditional Affairs.....	21
4. Home Affairs .....	47
5. International Relations and Cooperation .....	69
6. Performance Monitoring and Evaluation .....	89
7. Public Works .....	99
8. Women, Children and People with Disabilities .....	121
9. Government Communication and Information System .....	133
10. National Treasury.....	151
11. Public Enterprises .....	205
12. Public Service and Administration .....	223
13. Statistics South Africa .....	251
14. Arts and Culture .....	277
15. Basic Education .....	299
16. Health.....	323
17. Higher Education and Training .....	361
18. Labour .....	389
19. Social Development.....	417
20. Sport and Recreation South Africa .....	445
21. Correctional Services.....	461
22. Defence and Military Veterans .....	481
23. Independent Police Investigative Directorate .....	521
24. Justice and Constitutional Development .....	535
25. Police .....	561
26. Agriculture, Forestry and Fisheries.....	585
27. Communications .....	619
28. Economic Development .....	645
29. Energy.....	663
30. Environmental Affairs.....	695
31. Human Settlements .....	725
32. Mineral Resources .....	747
33. Rural Development and Land Reform .....	769
34. Science and Technology .....	793
35. Tourism .....	821
36. Trade and Industry.....	839
37. Transport.....	885
38. Water Affairs .....	925



# Introduction

In 1994, with the election of South Africa's first democratic government, the focus of public spending changed. There was a shift towards the development of an inclusive economy and the expansion of services to all members of society, particularly the most vulnerable and the many adversely affected by the legacy of Apartheid. The national development plan's Vision 2030 states that 'Citizens have the right to expect government to deliver certain basic services, and to hold leaders accountable for their actions'. The 2014 Budget gives credence to these imperatives.

Detailed information on budgets and their purpose presented in a transparent manner assists civil society and Parliament in enhancing their oversight roles. It is a fact that South Africa publishes budget documentation which is among the most detailed and transparent in the world. The budget publications for 2014 continue to provide comprehensive information in respect of how budget resources are generated and how institutions plan to spend these resources.

The effects of the global economic crisis that began in 2008 continue to place pressures on the South African economy, as the recovery has been less robust than initially anticipated. In order to manage these pressures and still deliver key government services, government remains committed to its counter-cyclical fiscal policy, while over time protecting its long term fiscal sustainability by consolidating spending and reducing the level of the fiscal deficit. These commitments mean that the main budget<sup>1</sup> non-interest<sup>2</sup> expenditure ceiling established in the 2013 Budget remains intact and that in the 2014 Budget it is mostly existing resources that are being re-allocated – to the areas where the largest developmental impact is to be achieved.

This allocation of resources in the 2014 Budget process continues to be determined by function of government. This approach to budgeting focuses on the outcome and purpose (function) for which funds will be utilised. It groups the vote programmes of different government institutions together in a way that facilitates planning, forecasting and budgeting in respect of each key government priority area. However, the Appropriation Bill tabled by the Minister of Finance, whereby approval is sought from Parliament for the executive's spending plans for the new financial year, is divided strictly according to each budget vote. As the Estimates of National Expenditure (ENE) publications constitute the explanatory memoranda to the Appropriation Bill, each chapter in the abridged ENE publication relates to a particular vote and a separate e-publication is made available for each vote. Generally, a vote specifies the total amount appropriated per national government department. In some cases a vote may contain more than one department.

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

---

<sup>1</sup> Main budget level expenditure refers to expenditure financed through revenue collected by national government, which is deposited in the National Revenue Fund. This differs from the consolidated government spending level, which is the basis for discussion in the Budget Review publication. Consolidated expenditure consists of main budget expenditure, as well as expenditure financed from own revenue raised by the government entities, provinces and social security funds themselves.

<sup>2</sup> Non-interest expenditure excludes expenditure incurred to pay state debt costs.

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

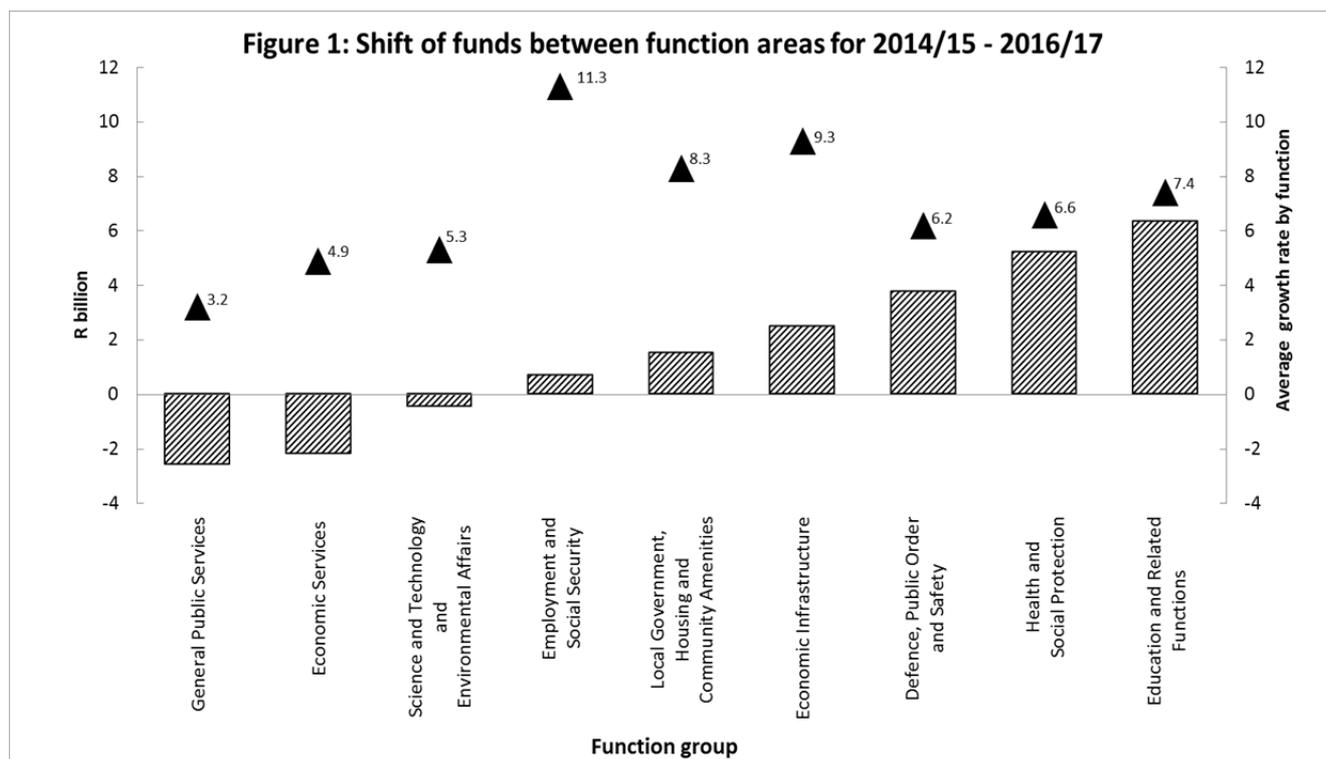
### **Allocating resources to key priorities within a constrained fiscal environment**

Government's counter-cyclical fiscal policy stance has resulted in a widened budget deficit and increased debt level, as South Africa dealt with the 2008 recessionary pressures and deals with the ensuing period of sluggish economic growth. Going forward, South Africa will be in a period of fiscal consolidation with the aim of narrowing the deficit. This is necessary to protect our ability in the long run to spend in line with planned future government service delivery. Within this context and in order to grow expenditure in key areas such as infrastructure, health, and education in the medium term, the planned growth rate of spending in other areas needs to be reduced.

Over six medium term expenditure framework (MTEF) periods, funds made available for allocation to government institutions have gradually decreased as a proportion of the total budget, from 7.4 per cent in the 2009 Budget to 1.2 per cent in the 2014 Budget. This is due to the decreased quantum of additional funding made available in terms of the fiscal framework over the different MTEF periods. The funds that in the end have been made available for allocation have thus increasingly been comprised of existing funds released for re-allocation, through the identification of expenditure reductions. In this context, providing funds for key government priority areas has meant that budget processes are increasingly being focused on freeing these existing resources from areas of lower-priority and inefficiency, for allocation to areas that have a greater developmental impact. Details of these expenditure amendments are contained in the ENE publications.

As such, institutional spending pressures including those arising from inflationary prices, or the need to accelerate existing programmes, or to launch new programmes, must in the first instance be financed from within the aggregate spending baseline of the institution by decreasing its expenditure in other areas. More service delivery needs to be achieved with the current level of resources. In line with this, National Treasury's Instruction 1 of 2013/2014 prescribes cost containment measures that accounting officers of government institutions need to follow, like the maximum rates at which consultants can be remunerated. Accounting officers have also been urged to consider a range of suggested additional cost containment measures that will enhance fiscal prudence in their respective institutions. It is anticipated that initiatives such as these, together with the changes in procurement practices and the expenditure reviews National Treasury is undertaking, will lead to significant cost reductions in forthcoming MTEF periods.

However, the use of existing resources goes beyond the reprioritisation of spending within a single institution. As the national development plan's Vision 2030 states 'The plan supports government's intention to gradually shift resources towards investments that reshape the economy, broaden opportunities and enhance capabilities. As a result, other parts of the national budget will need to grow more slowly.' The following graph depicts the main budget net aggregate shifts of funds between government function areas for the period 2014/15 to 2016/17, including direct charges such as the provincial equitable share.



After considering government priorities and their status relative to the 2013 Budget, resources have been shifted to increase the MTEF baselines of the following function areas: Education (R6.3 billion); Health and Social Protection (R5.2 billion); Defence, Public Order and Safety (R3.8 billion) Economic Infrastructure (R2.5 billion); Local Government, Housing and Community Amenities (R1.5 billion) and Employment and Social Security (R700 million). The MTEF baselines of three function areas decreased: General Public Services (R2.6 billion), Economic Services (R2.2 billion), and Science and Technology and Environmental Affairs (R463 million).

Budget reductions over the medium term are not expected to have an adverse impact on service delivery, as they largely reflect a reduction in goods and services spending plans, a correction for projected underspending, and the rescheduling of expenditure into the future to bring it in line with institutional capacity for service delivery. While future planned expenditure has been reduced for certain functions, service delivery is protected as all functions still record positive expenditure growth rates over the 2014 MTEF period; and all are contained within the aggregate expenditure ceiling.

### Resources made available for allocation

In summary, budget amendments over the 2014 MTEF period include R14.7 billion in additional financing provided by the fiscal framework. This is based on the macroeconomic forecasts for South Africa, and mainly provides for an increase in aggregate spending that accommodates allocations to institutions in the outer year of the period. Main budget level non-interest expenditure changes tabled for the 2014 MTEF, however, amount to R38.8 billion in total. This also includes a R4.5 billion drawdown on the contingency reserve, and R19.6 billion emanating from reductions in existing expenditure plans, that were identified through the budget process.

Of the R38.8 billion, R21.9 billion was allocated to accommodate spending pressures on compensation of employees budgets, R5.9 billion for goods and services that enhance service delivery, R5.5 billion for infrastructure projects, and R5.5 billion for transfers to institutions, including public entities, and households to provide beneficiaries with social grant support and HIV and AIDS antiretroviral treatment, among others. These allocation details are contained in the relevant sections of the ENE publications.

## Funding allocations to function areas by vote

The allocation of resources over the medium term is informed by government's strategic priorities, in particular by the national development plan, which sets out the approach for achieving a more inclusive and dynamic economy, in which inequality and poverty are reduced over the next two decades. In the tables that follow, main budget non-interest expenditure additions and reductions are presented by vote, as per the Appropriation Bill, together with the net effect on each government function.

While direct charges against the National Revenue Fund are not detailed in the tables, as these amounts are appropriated in terms of statutes and thus do not require parliamentary appropriation by vote, the estimated<sup>3</sup> split by function of the provincial equitable share addition is shown. It should be noted that provinces have key service delivery mandates in relation to concurrent functions.

### Economic Infrastructure

The baseline of the Economic Infrastructure function increases by R2.5 billion over the MTEF period, from R244.4 billion to R246.9 billion. Spending for this function comprises 7.5 per cent of total main budget non-interest expenditure and focuses on improving economic growth and delivery of public services through the provision of sustainable infrastructure.

**Table 1.1 Economic Infrastructure**

Function / Vote	2014/15	2015/16	2016/17	MTEF total
R million				
<b>2013 MTEF function baseline<sup>1</sup></b>	<b>75 171</b>	<b>82 437</b>	<b>86 834</b>	<b>244 442</b>
<b>2014 MTEF function baseline<sup>1</sup></b>	<b>75 871</b>	<b>83 186</b>	<b>87 884</b>	<b>246 940</b>
<b>Net change (percentage)</b>	<b>0.9%</b>	<b>0.9%</b>	<b>1.2%</b>	<b>1.0%</b>
<b>Communications</b>	<b>-5</b>	<b>295</b>	<b>395</b>	<b>685</b>
Provision of set top boxes, antennae and installation in 5 million households to enable migration from analogue to digital television broadcast by the International Telecommunications Union deadline of 2015/16	-	300	400	700
112 emergency call centre project: Expenditure reduction	-5	-5	-5	-15
<b>Energy</b>	<b>201</b>	<b>18</b>	<b>25</b>	<b>244</b>
Transfer payment to the South African Nuclear Energy Corporation: Upgrading and refurbishment of the Safari-1 nuclear reactor and Pelindaba facilities, as well as research and development	190	-	-	190
Human resource capacity for undertaking specialised energy policy research, planning and oversight work	20	22	24	66
Goods and services required to resource additional specialist personnel	6	6	6	18
Energy efficiency demand side management grant (municipalities): Aligned to delivery capacity	-15	-10	-5	-30
<b>Transport</b>	<b>503</b>	<b>436</b>	<b>630</b>	<b>1 570</b>
Taxi recapitalisation programme rescheduling, allowing for the department to review the impact of the programme	-130	-130	170	-90
Rehabilitation of road infrastructure destroyed by disasters	235	178	-	414
Passenger Rail Agency of South Africa: Metrorail: For the effect of the depreciation of the Rand on foreign currency denominated payments for procurement of railway rolling stock	348	338	410	1 096
Public transport operations grant: Inflationary adjustments to fuel and labour costs	50	50	50	150
Tug boat services feasibility study	7	7	7	21
Transfer payment to the South African Maritime Safety Authority: Adequacy of accumulated surplus	-7	-7	-7	-21
<b>Net change to function baseline</b>	<b>699</b>	<b>749</b>	<b>1 050</b>	<b>2 499</b>

1. This table shows only the allocation of revenue from the National Revenue Fund for the function group. This differs from the presentation of the consolidated function group baseline presented in the Budget Review, which includes revenue generated from other sources.

<sup>3</sup> An aggregate monetary amount is allocated from the National Revenue Fund for the provincial equitable share. These funds are then allocated to specific function areas through separate provincial budgetary processes. The details of these function allocations by each of the provinces are not known with certainty at present.

## Education and Related Functions

The baseline of Education and Related Functions increases by R6.3 billion over the MTEF period, from R789.1 billion to R795.5 billion. Spending for this function comprises 24.2 per cent of total main budget non-interest expenditure and seeks to improve the quality of education at all levels, with a specific focus on skills development in key areas of the labour market.

**Table 1.2 Education and Related Functions**

Function / Vote	2014/15	2015/16	2016/17	MTEF total
R million				
<b>2013 MTEF function baseline<sup>1</sup></b>	<b>244 932</b>	<b>264 301</b>	<b>279 882</b>	<b>789 115</b>
<b>2014 MTEF function baseline<sup>1</sup></b>	<b>246 380</b>	<b>266 164</b>	<b>282 920</b>	<b>795 464</b>
<b>Net change (percentage)</b>	<b>0.6%</b>	<b>0.7%</b>	<b>1.1%</b>	<b>0.8%</b>
<b>Arts and Culture</b>	<b>-3</b>	<b>-4</b>	<b>-4</b>	<b>-11</b>
Mzansi golden economy strategy projects and transfer payment to the National Arts Council of South Africa: Cost efficiencies	-3	-4	-4	-11
<b>Basic Education</b>	<b>-261</b>	<b>-1 133</b>	<b>-1 152</b>	<b>-2 546</b>
Occupation specific dispensation for education sector therapists conditional grant	213	67	-	280
Repair of school infrastructure damaged by disasters	53	40	-	92
School infrastructure backlogs grant: Aligning its growth to institutional capacity	-231	-479	-456	-1 166
Education infrastructure grant: Aligning its growth to institutional capacity	-284	-630	-555	-1 469
Kha Ri Gude (mass literacy programme): Targeted number of learners attained earlier than initially anticipated	-10	-130	-140	-280
Goods and services across all programmes: Cost efficiencies	-1	-1	-1	-4
<b>Higher Education and Training</b>	<b>-53</b>	<b>-19</b>	<b>678</b>	<b>606</b>
FET colleges conditional grant: Salary adjustments in respect of conditions of service	31	60	69	160
Transfer payment to the South African Qualifications Authority: Expanded mandate to provide on-going government employee qualification verification services	3	5	6	13
Transfer payment to the National Student Financial Aid Scheme: Student-centred model: Pilot and rollout of new student loans administration system	22	50	73	145
Goods and services and transfer payment to the Council for Higher Education: Cost efficiencies	-5	-6	-8	-19
Sector education and training authorities and National Skills Fund: Re-estimation of direct charges payable	-104	-127	538	307
<b>Sport and Recreation</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>10</b>
Transfer payment to the South African Institute for Drug-free Sport: Compliance with the expanded World Anti-Doping Agency code	4	4	5	13
Goods and services: Cost efficiencies	-1	-1	-1	-3
<b>Provincial Equitable Share</b>	<b>1 763</b>	<b>3 016</b>	<b>3 512</b>	<b>8 290</b>
Mainly for occupation specific compensation dispensation for therapists (in 2016/17), salary adjustments in respect of conditions of service and the upgrading of clerical posts	1 763	3 016	3 512	8 290
<b>Net change to function baseline</b>	<b>1 449</b>	<b>1 863</b>	<b>3 038</b>	<b>6 349</b>

*1. This table shows only the allocation of revenue from the National Revenue Fund for the function group. This differs from the presentation of the consolidated function group baseline presented in the Budget Review, which includes revenue generated from other sources.*

## Health and Social Protection

The baseline of the Health and Social Protection function increases by R5.2 billion over the MTEF period, from R910.8 billion to R916 billion. Spending for this function comprises 27.8 per cent of total main budget non-interest expenditure and seeks to improve health and life expectancy, as well as to reduce poverty by providing income support to the poor.

**Table 1.3 Health and Social Protection**

Function / Vote	2014/15	2015/16	2016/17	MTEF total
R million				
<b>2013 MTEF function baseline<sup>1</sup></b>	<b>285 319</b>	<b>304 176</b>	<b>321 314</b>	<b>910 809</b>
<b>2014 MTEF function baseline<sup>1</sup></b>	<b>285 650</b>	<b>305 428</b>	<b>324 949</b>	<b>916 028</b>
<b>Net change (percentage)</b>	<b>0.1%</b>	<b>0.4%</b>	<b>1.1%</b>	<b>0.6%</b>
<b>Women, Children and People with Disabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Goods and services	1	-	-	1
Compensation of employees: Capping of personnel costs	-1	-	-	-1
<b>Social Development</b>	<b>-480</b>	<b>51</b>	<b>1 251</b>	<b>822</b>
Establishment of substance abuse treatment centres in Northern Cape, Eastern Cape, Free State, and North West	50	51	51	152
Social grants: Lower than projected beneficiary numbers following the process of re-registration of recipients (first year) and provision for an increase in the projected future number of beneficiaries	-530	-	1 200	-500

**Table 1.3 Health and Social Protection**

Function / Vote	2014/15	2015/16	2016/17	MTEF total
R million				
<b>Health</b>	<b>31</b>	<b>-54</b>	<b>750</b>	<b>728</b>
Introduction of human papillomavirus vaccine which reduces the incidence of cervical cancer, to 500 000 Grade 4 pupils in 2014/15 and 2015/16	200	200	–	400
HIV and AIDS: Antiretroviral treatment	–	–	1 000	1 000
Equipment for forensic chemistry laboratories as well as commissioning the new laboratory in Durban	30	20	20	70
National South African demographic health survey in 2014/15	30	–	–	30
Establishment of the Office of Standards Compliance	25	40	45	110
Repair of health infrastructure damaged by disasters: Health facilities revitalisation grant	1	1	–	2
Goods and services: Cost efficiencies	-30	-30	-30	-90
National health grant: Aligning its growth to institutional capacity	-225	-285	-285	-794
<b>Provincial Equitable Share</b>	<b>781</b>	<b>1 255</b>	<b>1 634</b>	<b>3 669</b>
Mainly for salary adjustments in respect of conditions of service, the upgrading of clerical posts, the provision of shelters to victims of gender-based violence and the provision of the human papillomavirus vaccine by provincial governments from 2016/17 onwards	781	1 255	1 634	3 669
<b>Net change to function baseline</b>	<b>332</b>	<b>1 252</b>	<b>3 635</b>	<b>5 219</b>

1. This table shows only the allocation of revenue from the National Revenue Fund for the function group. This differs from the presentation of the consolidated function group baseline presented in the Budget Review, which includes revenue generated from other sources.

### Defence, Public Order and Safety

The baseline of the Defence, Public Order and Safety function increases by R3.8 billion over the MTEF period, from R512.7 billion to R516.5 billion. Spending for this function comprises 15.7 per cent of total main budget non-interest expenditure and supports enhanced domestic and international public protection.

**Table 1.4 Defence, Public Order and Safety**

Function / Vote	2014/15	2015/16	2016/17	MTEF total
R million				
<b>2013 MTEF function baseline<sup>1</sup></b>	<b>161 664</b>	<b>170 348</b>	<b>180 726</b>	<b>512 738</b>
<b>2014 MTEF function baseline<sup>1</sup></b>	<b>162 514</b>	<b>171 348</b>	<b>182 626</b>	<b>516 488</b>
<b>Net change (percentage)</b>	<b>0.5%</b>	<b>0.6%</b>	<b>1.1%</b>	<b>0.7%</b>
<b>National Treasury</b>	<b>20</b>	<b>30</b>	<b>40</b>	<b>90</b>
Transfer payment to the Financial Intelligence Centre: Strengthening the Institution	20	30	40	90
<b>Correctional Services</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Electronic equipment for monitoring parolees	32	33	33	99
Equipment for production workshops and agricultural activities: To develop the vocational skills of offenders	40	40	45	125
Goods and services: Cost efficiencies	-73	-73	-78	-223
<b>Defence and Military Veterans</b>	<b>136</b>	<b>180</b>	<b>201</b>	<b>516</b>
Salary adjustments: Conditions of service	194	393	446	1 033
South African Air Force: Improvement in operational capability	342	387	555	1 284
Military Health Services: Medical equipment and supplies	100	100	100	300
Transfer payment to the Special Defence Account: Adequacy of accumulated surplus	-400	-600	-800	-1 800
Goods and services: Cost efficiencies	-100	-100	-100	-300
<b>Independent Police Investigative Directorate</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Employment and training of approximately 44 new Investigators	12	13	14	40
Goods and services: Cost efficiencies	-3	-4	-5	-12
Compensation of employees: Migration of staff from the Administration programme to the Investigation and Information Management programme	-9	-9	-10	-28
<b>Justice and Constitutional Development</b>	<b>102</b>	<b>103</b>	<b>414</b>	<b>618</b>
Upgrading of 7 200 clerical posts	100	110	120	330
Salary adjustments: Conditions of service	22	23	24	68
Cost increases for accommodation leases and municipal services	200	210	310	720
Appointment of permanent personnel: For the department and National Prosecuting Authority	237	250	265	751
Transfer payments to Legal Aid South Africa and the South African Human Rights Commission: Increased human resource capacity and criminal justice sector revamp projects	51	53	57	161
Goods and services: Cost efficiencies	-301	-323	-352	-975
Capital works budget: Aligning its growth to institutional capacity	-207	-220	-10	-438

**Table 1.4 Defence, Public Order and Safety**

Function / Vote	2014/15	2015/16	2016/17	MTEF total
R million				
<b>Police</b>	<b>593</b>	<b>688</b>	<b>1 245</b>	<b>2 525</b>
Salary adjustments: Conditions of service	243	432	459	1 134
Upgrading of approximately 14 022 clerical posts	698	725	786	2 209
Vehicles: Expenditure reductions	-348	-470	-	-818
<b>Net change to function baseline</b>	<b>850</b>	<b>1 000</b>	<b>1 900</b>	<b>3 750</b>

1. This table shows only the allocation of revenue from the National Revenue Fund for the function group. This differs from the presentation of the consolidated function group baseline presented in the Budget Review, which includes revenue generated from other sources.

## Local Government, Housing and Community Amenities

The baseline of the Local Government, Housing and Community Amenities function increases by R1.5 billion over the MTEF period, from R399.9 billion to R401.4 billion. Spending for this function comprises 12.2 per cent of total main budget non-interest expenditure and includes activities focused on the upliftment of communities and households.

**Table 1.5 Local Government, Housing and Community Amenities**

Function / Vote	2014/15	2015/16	2016/17	MTEF total
R million				
<b>2013 MTEF function baseline<sup>1</sup></b>	<b>122 219</b>	<b>135 205</b>	<b>142 440</b>	<b>399 864</b>
<b>2014 MTEF function baseline<sup>1</sup></b>	<b>122 728</b>	<b>135 705</b>	<b>142 940</b>	<b>401 372</b>
<b>Net change (percentage)</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>
<b>Cooperative Governance and Traditional Affairs</b>	<b>57</b>	<b>-308</b>	<b>-480</b>	<b>-731</b>
Transfer payment to the Municipal Infrastructure Support Agency: Expansion of the municipal capacity building programme to 80 municipalities	20	20	20	60
Personnel to monitor municipal infrastructure grant expenditure throughout the country	10	11	11	32
Repair of municipal infrastructure damaged by disasters	37	22	-	59
Goods and services: Cost efficiencies	-10	-11	-11	-32
Municipal infrastructure grant: Aligning its growth to institutional capacity	0	-350	-500	-850
<b>National Treasury</b>	<b>105</b>	<b>116</b>	<b>135</b>	<b>356</b>
Integrated city development grant: Incentivise the planning of more integrated, efficient and accessible cities	105	116	135	356
Provision of technical infrastructure programmes implementation support to cities	50	50	50	150
Infrastructure skills development grant: Aligning its growth to institutional capacity	-50	-50	-50	-150
<b>Human Settlements</b>	<b>315</b>	<b>96</b>	<b>-35</b>	<b>180</b>
Informal settlement upgrading in mining towns that are experiencing rapid growth	180	-	-	180
Municipal human settlements capacity grant: For Cape Town, Ekurhuleni, eThekweni, Johannesburg, Nelson Mandela Bay and Tshwane to perform the housing function once it is devolved to them from provincial governments	300	300	300	900
Repair of housing infrastructure damaged by disasters	185	141	0	326
Urban settlements development grant: Aligning its growth to institutional capacity	-50	-45	-35	-130
Human settlements development grant: Capacitate metropolitan municipalities in anticipation of the housing function shifting to local government	-300	-300	-300	-900
<b>Water Affairs</b>	<b>31</b>	<b>596</b>	<b>880</b>	<b>1 507</b>
Regional bulk infrastructure grant: Acceleration of the delivery of bulk water and sanitation infrastructure in various geographical areas	84	350	500	934
Construction of Umzimvubu Dam and bulk water scheme	0	264	430	694
Additional personnel capacity: Organisational restructuring	8	35	56	99
Assistance to resource poor farmers and in the outer year, for transfer payments to the Amatola and uMgeni water boards for infrastructure projects	5	4	66	75
Repair of water infrastructure measuring instruments and other structures damaged by flood disasters	2	2	-	4
Goods and services: Cost efficiencies	-35	-13	-121	-170
Capital assets: Aligning its growth to institutional capacity	-33	-46	-50	-129
<b>Net change to function baseline</b>	<b>509</b>	<b>499</b>	<b>500</b>	<b>1 508</b>

1. This table shows only the allocation of revenue from the National Revenue Fund for the function group. This differs from the presentation of the consolidated function group baseline presented in the Budget Review, which includes revenue generated from other sources.

## Employment and Social Security

The baseline of the Employment and Social Security function increases by R700 million over the MTEF period, from R58.8 billion to R59.5 billion. Spending for this function comprises 1.8 per cent of total main budget non-interest expenditure and supports a range of public employment initiatives.

**Table 1.6 Employment and Social Security**

Function / Vote	2014/15	2015/16	2016/17	MTEF total
R million				
<b>2013 MTEF function baseline<sup>1</sup></b>	<b>18 756</b>	<b>19 474</b>	<b>20 528</b>	<b>58 758</b>
<b>2014 MTEF function baseline<sup>1</sup></b>	<b>18 273</b>	<b>19 091</b>	<b>22 094</b>	<b>59 458</b>
<b>Net change (percentage)</b>	<b>-2.6%</b>	<b>-2.0%</b>	<b>7.6%</b>	<b>1.2%</b>
<b>Cooperative Governance and Traditional Affairs</b>	<b>-132</b>	<b>-</b>	<b>1 072</b>	<b>940</b>
Community work programme: Attaining a presence in every municipality by 2016/17	-	-	1 072	1 072
Community work programme: Aligning its growth to institutional capacity	-132	-	-	-132
<b>Public Works</b>	<b>-125</b>	<b>-149</b>	<b>124</b>	<b>-149</b>
Expanded public works programme integrated grant for provinces: Allowance for the strengthening of institutional delivery capacity	-22	-25	10	-37
Expanded public works programme integrated grant for municipalities: Allowance for the strengthening of institutional delivery capacity	-38	-42	10	-70
Social sector expanded public works programme integrated grant for provinces: Allowance for the strengthening of institutional delivery capacity	-15	-18	74	41
Non-state sector: Allowance for the strengthening of institutional capacity	-20	-24	65	22
Expanded public works programme: Rationalisation of management costs	-30	-40	-35	-105
<b>National Treasury</b>	<b>-5</b>	<b>-5</b>	<b>-5</b>	<b>-15</b>
Post-retirement medical benefits: Cost effective medical plans	-5	-5	-5	-15
<b>Labour</b>	<b>-106</b>	<b>-107</b>	<b>100</b>	<b>-113</b>
Human resource efficiencies	-106	-107	100	-113
<b>Environmental Affairs</b>	<b>-86</b>	<b>-82</b>	<b>205</b>	<b>37</b>
Environmental expanded public works programmes: Allowance for the strengthening of institutional delivery capacity	-32	-35	80	13
Working for water and Working on fire programmes: Allowance for the strengthening of institutional delivery capacity	-54	-47	125	24
<b>Tourism</b>	<b>-29</b>	<b>-40</b>	<b>70</b>	<b>1</b>
Domestic Tourism Programme: Allowance for the strengthening of institutional delivery capacity	-29	-40	70	1
<b>Net change to function baseline</b>	<b>-483</b>	<b>-383</b>	<b>1 566</b>	<b>700</b>

1. This table shows only the allocation of revenue from the National Revenue Fund for the function group. This differs from the presentation of the consolidated function group baseline presented in the Budget Review, which includes revenue generated from other sources.

## Science and Technology and Environmental Affairs

The baseline of the Science and Technology and Environmental Affairs function decreases by R463 million over the MTEF period, from R33.4 billion to R32.9 billion. Despite the decrease in planned future spending, the baseline does grow from the current spending level of R9.8 billion in 2013/14 to R11.4 billion in 2016/17. This function supports environmental protection and the advancement of the labour force and industry, and comprises 1 per cent of total main budget non-interest expenditure.

**Table 1.7 Science and Technology and Environmental Affairs**

Function / Vote	2014/15	2015/16	2016/17	MTEF total
R million				
<b>2013 MTEF function baseline<sup>1</sup></b>	<b>10 344</b>	<b>11 435</b>	<b>11 606</b>	<b>33 385</b>
<b>2014 MTEF function baseline<sup>1</sup></b>	<b>10 309</b>	<b>11 197</b>	<b>11 416</b>	<b>32 922</b>
<b>Net change (percentage)</b>	<b>-0.3%</b>	<b>-2.1%</b>	<b>-1.6%</b>	<b>-1.4%</b>
<b>Agriculture, Forestry and Fisheries</b>	<b>-40</b>	<b>-40</b>	<b>-40</b>	<b>-120</b>
Transfer payment to the Agricultural Research Council: Cost reductions	-40	-40	-40	-120
<b>Environmental Affairs</b>	<b>155</b>	<b>-88</b>	<b>-100</b>	<b>-33</b>
Repair of roads and bridges damaged by floods	16	12	-	28
Goods and services: Cost efficiencies	-60	-80	-	-140
Transfer payment to the South African Weather Service: Cost reductions	-20	-20	-	-40
Economic competitiveness and support package: Green Fund: Support the transition to a green economy	250	-	-100	150
Economic competitiveness and support package: Oceans and marine research and development: Cost efficiencies	-31	-	-	-31

**Table 1.7 Science and Technology and Environmental Affairs**

Function / Vote	2014/15	2015/16	2016/17	MTEF total
R million				
<b>Mineral Resources</b>	<b>-20</b>	<b>-20</b>	<b>0</b>	<b>-40</b>
Transfer payment to the Council for Geoscience: Cost reductions	-10	-10	-	-20
Transfer payment to the Council for Mineral Technology: Cost reductions	-10	-10	-	-20
<b>Science and Technology</b>	<b>-130</b>	<b>-90</b>	<b>-50</b>	<b>-270</b>
Transfer payment to the Council for Scientific and Industrial Research: Cost reductions	-	-40	-	-40
Transfer payment to the Technology Innovation Agency: Cost reductions	-30	-50	-50	-130
Economic competitiveness and support package: Industry partnerships: Cost efficiencies	-100	-	-	-100
<b>Net change to function baseline</b>	<b>-35</b>	<b>-238</b>	<b>-190</b>	<b>-463</b>

1. This table shows only the allocation of revenue from the National Revenue Fund for the function group. This differs from the presentation of the consolidated function group baseline presented in the Budget Review, which includes revenue generated from other sources.

## Economic Services

The baseline of the Economic Services function decreases by R2.2 billion over the MTEF period, from R143.1 billion to R140.9 billion. Despite the decrease in planned future spending, the baseline does grow from the current spending level of R43.1 billion in 2013/14 to R49.8 billion in 2016/17. This function focuses on stimulating socioeconomic development by means of a range interventions in various sectors of the economy, and comprises 4.3 per cent of total main budget non-interest expenditure.

**Table 1.8 Economic Services**

Function / Vote	2014/15	2015/16	2016/17	MTEF total
R million				
<b>2013 MTEF function baseline<sup>1</sup></b>	<b>44 893</b>	<b>48 074</b>	<b>50 137</b>	<b>143 104</b>
<b>2014 MTEF function baseline<sup>1</sup></b>	<b>44 456</b>	<b>46 671</b>	<b>49 777</b>	<b>140 904</b>
<b>Net change (percentage)</b>	<b>-1.0%</b>	<b>-2.9%</b>	<b>-0.7%</b>	<b>-1.5%</b>
<b>Agriculture, Forestry and Fisheries</b>	<b>196</b>	<b>-116</b>	<b>-135</b>	<b>-56</b>
Repair of farm infrastructure damaged by disasters	196	14	-	209
Transfer payment to the Land and Agricultural Development Bank of South Africa: Tailored financing solutions for emerging farmers	50	-	50	100
Compensation of employees: Capping of personnel costs	-20	-25	-25	-70
Goods and services: Cost efficiencies	-20	-20	-25	-65
Transfer payment to the Marine Living Resources Fund: Cost reductions	-10	-15	-20	-45
Comprehensive agricultural support programme grant and Land care programme grant: Aligning its growth to institutional capacity	-	-70	-80	-150
Economic competitiveness and support package: Agricultural colleges: Aligning its growth to institutional capacity	-	-	-35	-35
<b>Economic Development</b>	<b>-56</b>	<b>-102</b>	<b>-8</b>	<b>-166</b>
Goods and services: Cost efficiencies	-6	-6	-8	-20
Economic competitiveness and support package: Small Enterprise Finance Agency: Alternative source of funding through a shareholder loan	-50	-96	-	-146
<b>Rural Development and Land Reform</b>	<b>-450</b>	<b>-700</b>	<b>-170</b>	<b>-1 320</b>
Compensation of employees: Capping of personnel costs	-70	-70	-70	-210
Economic competitiveness and support package: National Rural Youth Service Corps: Aligning its growth to institutional capacity	-100	-200	-100	-400
Transfer payments for land restitution claims: Aligning its growth to institutional capacity	-280	-430	-	-710
<b>Tourism</b>	<b>-3</b>	<b>-8</b>	<b>-9</b>	<b>-20</b>
Goods and services: Cost efficiencies	-3	-8	-9	-20
<b>Trade and Industry</b>	<b>-123</b>	<b>-477</b>	<b>-38</b>	<b>-638</b>
Goods and services: Cost efficiencies	-23	-27	-35	-85
Economic competitiveness and support package: Special economic zones: Aligning its growth to institutional capacity	-100	-450	-3	-553
<b>Net change to function baseline</b>	<b>-436</b>	<b>-1 403</b>	<b>-360</b>	<b>-2 200</b>

1. This table shows only the allocation of revenue from the National Revenue Fund for the function group. This differs from the presentation of the consolidated function group baseline presented in the Budget Review, which includes revenue generated from other sources.

## General Public Services

The baseline of the General Public Services function decreases by R2.6 billion over the MTEF period, from R184 billion to R181.5 billion. Despite the decrease in planned future spending, the baseline does grow from the current spending level of R56.2 billion in 2013/14 to R61.8 billion in 2016/17. This function aims to deliver an efficient public service through the improvement of general government administrative services, and comprises 5.5 per cent of total main budget non-interest expenditure.

**Table 1.9 General Public Services**

Function / Vote	2014/15	2015/16	2016/17	MTEF total
R million				
<b>2013 MTEF function baseline<sup>1</sup></b>	<b>59 466</b>	<b>62 114</b>	<b>62 444</b>	<b>184 023</b>
<b>2014 MTEF function baseline<sup>1</sup></b>	<b>58 481</b>	<b>61 155</b>	<b>61 820</b>	<b>181 456</b>
<b>Net change (percentage)</b>	<b>-1.7%</b>	<b>-1.5%</b>	<b>-1.0%</b>	<b>-1.4%</b>
<b>The Presidency</b>	<b>26</b>	<b>15</b>	<b>25</b>	<b>66</b>
National income dynamics study: Fourth survey	30	20	30	80
Transfer payment to the National Youth Development Agency: Cost efficiencies	-3	-3	-3	-10
Goods and services: Cost efficiencies	-1	-1	-1	-4
<b>Home Affairs</b>	<b>-270</b>	<b>-203</b>	<b>247</b>	<b>-225</b>
Rollout of ID smart card: Issuing costs	-	-	80	80
Rescheduling of IT system modernisation projects	-100	-100	200	-
Rescheduling of upgrading, maintenance and repairs of infrastructure facilities and staff accommodation at border posts	-70	-	70	-
Goods and services: Cost efficiencies	-100	-103	-103	-305
<b>International Relations and Cooperation</b>	<b>-110</b>	<b>-133</b>	<b>-113</b>	<b>-356</b>
2014 presidential inauguration	80	-	-	80
Financial support to the Chairperson of the African Union	36	38	40	115
Transfer payment to the African Renaissance Fund: Adequacy of accumulated surplus	-224	-167	-149	-540
Transfer payment to the South African Development Partnership Agency: Capacity building	8	8	9	25
Goods and services: Cost efficiencies	-10	-13	-13	-36
<b>Performance Monitoring and Evaluation</b>	<b>6</b>	<b>9</b>	<b>9</b>	<b>24</b>
Establishment of a secretariat for the interdepartmental committee reviewing the revitalisation of distressed mining communities	3	3	3	9
Strategic and annual performance planning: Guidance and oversight to institutions	4	6	6	16
<b>Public Works</b>	<b>-334</b>	<b>-286</b>	<b>-357</b>	<b>-976</b>
Infrastructure projects in the Immovable Assets Management programme: Aligning its growth to institutional capacity	-220	-180	-250	-650
Goods and services: Cost efficiencies	-50	-50	-50	-150
Transfer payment to the Property Management Trading Entity: Adequacy of accumulated surplus	-50	-50	-50	-150
Compensation of employees: Capping of personnel costs	-14	-6	-7	-26
<b>National Treasury</b>	<b>-597</b>	<b>-490</b>	<b>-403</b>	<b>-1 490</b>
Transfer payment to the South African Revenue Service: Adequacy of accumulated surplus	-543	-437	-375	-1 355
Goods and services: Cost efficiencies	-28	-28	-4	-61
Closing out of transfer payment for financial and technical support for African relief programmes, as well as lower levels of anticipated expenditure in respect of common monetary area compensation	-25	-25	-25	-75
<b>Public Service and Administration</b>	<b>16</b>	<b>-3</b>	<b>-4</b>	<b>9</b>
Goods and services: Cost efficiencies	-8	-9	-10	-27
Presidential Public Service Remuneration Review Commission: Review of the remuneration policy framework of the public service	10	-	-	10
Transfer payment to the Public Service Commission: Address capacity constraints in the commission's monitoring and evaluation programme	14	6	7	26
<b>Statistics South Africa</b>	<b>278</b>	<b>131</b>	<b>-29</b>	<b>417</b>
Upfront capital contribution in respect of the public private partnership agreement entered into for new head office accommodation	282	135	-	417
Goods and services: Cost efficiencies	-4	-4	-29	-36
<b>Net change to function baseline</b>	<b>-984</b>	<b>-959</b>	<b>-624</b>	<b>-2 567</b>

1. This table shows only the allocation of revenue from the National Revenue Fund for the function group. This differs from the presentation of the consolidated function group baseline presented in the Budget Review, which includes revenue generated from other sources.

## Overview of expenditure

Overall, the main budget provides for total spending of R3.29 trillion over the 2014 MTEF period, when excluding state debt costs as well as the contingency reserve over the same period. It is distributed as follows: R1.02 trillion in 2014/15, R1.10 trillion in 2015/16 and R1.17 trillion in 2016/17. The main budget MTEF accommodates the policy priorities of the three spheres of government, with R1.56 trillion allocated to the national level, R1.43 trillion to provinces and R296 billion to local government. The total main budget grows at an average annual rate of 8.1 per cent. Non-interest expenditure, which excludes state debt costs, comprises on average 89.7 per cent of total main budget expenditure and grows at a lower average annual rate of 7.7 per cent. This rate is also lower when compared to its average annual growth of 8 per cent over the 2013 MTEF period. However the 7.7 per cent growth still constitutes budget growth in real terms over the MTEF period. Included in the main budget allocations is a contingency reserve of R3 billion in 2014/15, R6 billion in 2015/16 and R18 billion in 2016/17, to allow for unforeseeable and unavoidable expenditure in future as well as emerging government policy priorities.

The details of the main budget are discussed in the pages of this publication, with a summary provided in the tables below.

## Summary tables

Table 1: Main budget framework 2010/11 to 2016/17

Table 2: Key additions to national votes 2014/15 to 2016/17

Table 3: Expenditure by national vote 2010/11 to 2016/17

Table 4: Expenditure by economic classification 2010/11 to 2016/17

Table 5: Amounts to be appropriated from the National Revenue Fund for 2014/15

Table 6a: Conditional grants to provinces 2010/11 to 2016/17

Table 6b: Conditional grants to municipalities 2010/11 to 2016/17

Table 7: Training expenditure per vote 2010/11 to 2016/17

Table 8a: Infrastructure expenditure per vote 2010/11 to 2016/17

Table 8b: Infrastructure nature of investment 2010/11 to 2016/17

Table 9: Personnel expenditure per vote 2010/11 to 2016/17

Table 10: Departmental receipts per vote 2010/11 to 2016/17

Table 1 Main budget framework: 2010/11 to 2016/17

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Revenue (National Revenue Fund)</b>							
Tax revenue (gross)	674 183.1	742 649.7	813 825.8	899 000.0	993 650.0	1 095 100.0	1 208 720.0
Departmental and other receipts, and repayments	16 474.0	24 402.5	28 087.1	30 541.0	20 869.4	20 315.6	23 558.5
Less: Southern African Customs Union (SACU)							
Payments	-14 991.3	-21 760.0	-42 151.3	-43 374.4	-51 737.7	-57 298.2	-59 680.3
Other adjustments <sup>1</sup>	-2 914.4	–	–	–	–	–	–
<b>Total revenue</b>	<b>672 751.5</b>	<b>745 292.2</b>	<b>799 761.7</b>	<b>886 166.6</b>	<b>962 781.8</b>	<b>1 058 117.4</b>	<b>1 172 598.3</b>
<i>Percentage of GDP</i>	24.5%	25.0%	25.0%	25.6%	25.4%	25.5%	25.8%
<b>Expenditure</b>							
State debt cost	66 226.8	76 460.0	88 121.1	101 255.9	114 900.5	126 646.8	139 200.6
<i>Percentage of GDP</i>	2.4%	2.6%	2.8%	2.9%	3.0%	3.1%	3.1%
Current payments <sup>2</sup>	131 158.8	145 096.1	156 411.7	175 787.6	184 071.2	193 498.4	207 387.6
Transfers and subsidies	575 110.1	653 509.3	702 342.2	755 770.9	819 331.0	884 523.8	939 416.6
Payments for capital assets <sup>2</sup>	11 406.9	12 043.4	13 996.0	12 414.9	17 689.1	18 600.8	19 316.7
Payments for financial assets	22 076.5	2 802.6	4 624.6	3 879.6	3 570.5	3 320.4	302.8
Contingency reserve	–	–	–	–	3 000.0	6 000.0	18 000.0
<b>Total expenditure</b>	<b>805 979.1</b>	<b>889 911.5</b>	<b>965 495.6</b>	<b>1 049 108.9</b>	<b>1 142 562.4</b>	<b>1 232 590.3</b>	<b>1 323 624.3</b>
<i>Percentage of GDP</i>	29.3%	29.8%	30.2%	30.3%	30.1%	29.7%	29.1%
<b>Budget deficit<sup>3</sup></b>	<b>-133 227.7</b>	<b>-144 619.3</b>	<b>-165 733.9</b>	<b>-162 942.3</b>	<b>-179 780.6</b>	<b>-174 472.9</b>	<b>-151 026.1</b>
<i>Percentage of GDP</i>	-4.8%	-4.9%	-5.2%	-4.7%	-4.7%	-4.2%	-3.3%
<b>GDP</b>	<b>2 749 533.0</b>	<b>2 981 828.0</b>	<b>3 197 878.0</b>	<b>3 464 882.6</b>	<b>3 789 630.3</b>	<b>4 150 506.8</b>	<b>4 552 868.0</b>

1. Payment to SACU partners in respect of a previous error in calculation of the 1969 agreement.

2. Excludes conditional grants to provinces and local government; these are included in transfers and subsidies.

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

**Table 2 Key additions to national votes: 2014/15 to 2016/17<sup>1</sup>**

R million	Medium-term expenditure estimates			Total
	2014/15	2015/16	2016/17	
1 The Presidency	30.0	20.0	30.0	80.0
3 Cooperative Governance and Traditional Affairs	67.3	52.3	1 103.1	1 222.7
4 Home Affairs	-	-	350.0	350.0
5 International Relations and Cooperation	124.4	46.7	49.2	220.3
6 Performance Monitoring and Evaluation	6.5	9.3	9.6	25.4
7 Public Works	-	-	159.0	159.0
8 Women, Children and People with Disabilities	0.9	-	-	0.9
10 National Treasury	175.0	196.0	225.0	596.0
12 Public Service and Administration	23.6	6.1	6.5	36.2
13 Statistics South Africa	282.2	134.9	-	417.0
15 Basic Education	213.0	67.0	-	280.0
16 Health	286.1	260.9	65.0	612.0
17 Higher Education and Training	76.3	153.3	730.2	959.8
18 Labour	-	-	100.0	100.0
19 Social Development	50.0	50.0	50.0	150.0
20 Sport and Recreation South Africa	3.6	4.2	5.5	13.3
21 Correctional Services	72.6	72.8	77.9	223.3
22 Defence and Military Veterans	635.8	879.8	1 100.9	2 616.5
23 Independent Police Investigative Directorate	12.0	13.2	14.5	39.6
24 Justice and Constitutional Development	559.6	594.7	721.9	1 876.2
25 Police	940.8	1 157.7	1 245.2	3 343.6
26 Agriculture, Forestry and Fisheries	245.5	-	50.0	295.5
27 Communications	-	300.0	400.0	700.0
29 Energy	216.0	28.0	30.0	274.0
30 Environmental Affairs	265.9	12.1	205.0	483.0
31 Human Settlements	365.2	300.0	300.0	965.2
35 Tourism	-	-	70.0	70.0
37 Transport	645.9	579.7	644.2	1 869.8
38 Water Affairs	144.4	674.9	1 051.3	1 870.7
<b>Total</b>	<b>5 442.5</b>	<b>5 613.6</b>	<b>8 794.0</b>	<b>19 850.1</b>

1. Excludes key additions to the provincial equitable share and other direct charges against the National Revenue Fund.

**Table 3 Expenditure by national vote: 2010/11 to 2016/17**

R million	Audited Outcome			Adjusted appropriation
	2010/11	2011/12	2012/13	2013/14
1 The Presidency	958.7	979.1	982.1	1 092.9
2 Parliament	1 198.9	1 214.8	1 297.9	1 419.4
3 Cooperative Governance and Traditional Affairs	41 821.4	46 221.6	53 434.4	58 458.9
4 Home Affairs	6 619.8	5 752.5	5 513.5	6 994.7
5 International Relations and Cooperation	4 417.2	5 021.8	5 185.1	5 754.6
6 Performance Monitoring and Evaluation	47.3	95.6	160.2	192.7
7 Public Works	6 615.1	7 061.4	7 203.9	6 175.3
8 Women, Children and People with Disabilities	109.9	165.9	179.9	198.3
9 Government Communication and Information System	352.2	343.6	397.2	437.2
10 National Treasury	38 226.2	21 362.0	21 019.0	25 232.3
11 Public Enterprises	540.0	346.1	1 367.0	294.1
12 Public Service and Administration	628.2	645.5	703.7	829.7
13 Statistics South Africa	1 694.9	3 674.4	1 761.7	1 741.6
14 Arts and Culture	2 248.8	2 405.8	2 656.5	2 914.8
15 Basic Education	8 677.9	12 900.9	14 885.9	17 619.3
16 Health	22 520.3	25 712.8	27 898.9	30 528.2
17 Higher Education and Training	23 752.4	28 281.7	31 582.4	34 333.9
18 Labour	1 826.3	2 007.1	2 034.6	2 445.2
19 Social Development	94 031.0	103 139.2	111 115.6	118 511.6
20 Sport and Recreation South Africa	1 252.0	810.6	1 054.1	1 073.5
21 Correctional Services	14 698.8	16 276.8	17 313.6	18 748.5
22 Defence and Military Veterans	30 442.4	34 331.4	37 702.2	40 658.2
23 Independent Police Investigative Directorate	128.4	153.5	171.4	217.0
24 Justice and Constitutional Development	10 586.8	11 470.4	12 911.2	14 206.5
25 Police	53 529.7	57 933.1	63 156.6	68 791.4
26 Agriculture, Forestry and Fisheries	3 830.0	4 905.3	5 813.2	6 182.3
27 Communications	1 426.5	1 792.0	1 651.2	2 372.1
28 Economic Development	400.7	577.6	673.5	771.5
29 Energy	5 505.4	6 174.3	6 659.0	6 503.2
30 Environmental Affairs	3 300.1	4 131.5	4 942.7	5 206.8
31 Human Settlements	18 916.5	22 598.9	24 463.3	28 255.5
32 Mineral Resources	994.7	1 029.4	1 173.6	1 393.8
33 Rural Development and Land Reform	7 122.9	7 997.7	8 919.6	9 459.7
34 Science and Technology	4 051.9	4 403.5	4 973.3	6 198.2
35 Tourism	1 143.5	1 250.2	1 372.0	1 520.6
36 Trade and Industry	5 796.7	6 801.0	8 286.4	9 515.6
37 Transport	29 155.1	41 196.5	39 328.2	42 401.7
38 Water Affairs	7 023.7	8 164.9	8 641.5	10 375.6
<b>Total appropriation by vote</b>	<b>455 592.4</b>	<b>499 330.6</b>	<b>538 586.0</b>	<b>589 026.4</b>
Plus:				
<b>Direct charges against the National Revenue Fund</b>				
President's salary (The Presidency)	4.0	4.0	2.6	2.8
Members' remuneration (Parliament)	346.0	357.6	389.1	453.8
State debt costs (National Treasury)	66 226.8	76 460.0	88 121.1	100 484.5
Provincial equitable share (National Treasury)	265 139.4	291 735.5	313 015.8	338 936.8
General fuel levy sharing with metropolitan municipalities (National Treasury)	7 542.4	8 573.1	9 039.7	9 613.4
National Revenue Fund payments (National Treasury) <sup>1</sup>	838.6	1 388.3	2 587.2	200.0
Skills levy and sector education and training authorities (Higher Education and Training)	8 379.3	10 025.3	11 694.5	12 300.0
Judges' and magistrates' salaries (Justice and Constitutional Development)	1 910.2	2 037.1	2 059.6	2 575.7
<b>Total direct charges against the National Revenue Fund</b>	<b>350 386.7</b>	<b>390 580.9</b>	<b>426 909.6</b>	<b>464 567.0</b>
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 500.0
Local government repayment to the National Revenue Fund	-	-	-	-500.0
<b>Total</b>	<b>805 979.1</b>	<b>889 911.5</b>	<b>965 495.6</b>	<b>1 049 593.4</b>

1. National Revenue Fund payments previously classified as extraordinary payments.

Table 3 Expenditure by national vote: 2010/11 to 2016/17

Revised estimate	Medium-term expenditure estimates			R million
	2013/14	2014/15	2015/16	
1 092.9	1 177.8	1 228.8	1 307.1	1 The Presidency
1 419.4	1 508.2	1 594.3	1 688.2	2 Parliament
57 402.9	63 212.7	69 640.7	74 252.3	3 Cooperative Governance and Traditional Affairs
6 994.7	6 623.7	6 560.8	7 406.5	4 Home Affairs
5 754.6	5 754.3	6 033.9	6 410.7	5 International Relations and Cooperation
192.7	208.2	219.7	232.7	6 Performance Monitoring and Evaluation
6 025.3	6 121.3	6 545.3	7 139.2	7 Public Works
198.3	218.5	230.2	243.6	8 Women, Children and People with Disabilities
437.2	413.1	430.8	456.4	9 Government Communication and Information System
25 191.8	27 265.0	27 520.5	25 939.8	10 National Treasury
294.1	259.8	279.3	285.6	11 Public Enterprises
829.7	875.1	876.8	929.3	12 Public Service and Administration
1 741.6	2 242.5	2 183.9	2 149.6	13 Statistics South Africa
2 775.3	3 524.7	3 971.8	4 185.2	14 Arts and Culture
16 117.9	19 680.1	21 890.2	23 097.5	15 Basic Education
30 128.2	33 955.5	36 631.3	39 387.7	16 Health
34 328.0	36 866.7	39 650.0	41 783.2	17 Higher Education and Training
2 445.2	2 527.3	2 678.4	3 048.1	18 Labour
117 811.6	128 799.4	137 660.1	146 158.4	19 Social Development
1 047.0	970.4	1 015.8	1 072.2	20 Sport and Recreation South Africa
18 748.5	19 721.1	20 795.3	22 080.9	21 Correctional Services
40 658.2	42 831.2	45 301.3	48 180.5	22 Defence and Military Veterans
217.0	234.7	247.2	262.3	23 Independent Police Investigative Directorate
13 856.5	15 161.9	15 914.8	17 163.8	24 Justice and Constitutional Development
68 791.4	72 507.2	76 541.3	81 682.9	25 Police
6 182.3	6 692.4	6 621.2	6 674.2	26 Agriculture, Forestry and Fisheries
2 369.1	1 593.4	1 887.5	2 074.8	27 Communications
771.5	696.9	885.4	717.3	28 Economic Development
6 487.2	7 415.6	7 988.6	8 384.9	29 Energy
5 206.8	5 668.4	5 980.3	6 559.5	30 Environmental Affairs
28 205.5	30 521.4	32 842.4	34 452.6	31 Human Settlements
1 369.4	1 471.3	1 599.2	1 664.1	32 Mineral Resources
9 459.7	9 455.3	9 574.5	10 673.3	33 Rural Development and Land Reform
6 198.2	6 470.2	7 554.3	7 634.8	34 Science and Technology
1 520.6	1 662.1	1 863.2	2 076.4	35 Tourism
9 442.8	9 835.0	10 927.7	11 983.5	36 Trade and Industry
41 879.9	48 726.5	53 814.0	56 842.0	37 Transport
9 895.6	12 480.3	16 084.2	17 199.9	38 Water Affairs
<b>583 488.6</b>	<b>635 349.4</b>	<b>683 265.0</b>	<b>723 480.8</b>	<b>Total appropriation by vote</b>
				Plus:
				<b>Direct charges against the National Revenue Fund</b>
2.8	3.0	3.1	3.3	President's salary (The Presidency)
453.8	481.0	503.1	529.8	Members' remuneration (Parliament)
101 255.9	114 900.5	126 646.8	139 200.6	State debt costs (National Treasury)
338 936.8	362 468.1	387 967.5	412 038.8	Provincial equitable share (National Treasury)
9 613.4	10 190.2	10 658.9	11 223.8	General fuel levy sharing with metropolitan municipalities (National Treasury)
482.0	–	–	–	National Revenue Fund payments (National Treasury) <sup>1</sup>
12 300.0	13 440.0	14 690.0	16 140.0	Skills levy and sector education and training authorities (Higher Education and Training)
2 575.7	2 730.3	2 855.9	3 007.2	Judges' and magistrates' salaries (Justice and Constitutional Development)
<b>465 620.3</b>	<b>504 213.0</b>	<b>543 325.3</b>	<b>582 143.6</b>	<b>Total direct charges against the National Revenue Fund</b>
–	3 000.0	6 000.0	18 000.0	Contingency reserve
–	–	–	–	Projected underspending
–	–	–	–	Local government repayment to the National Revenue Fund
<b>1 049 108.9</b>	<b>1 142 562.4</b>	<b>1 232 590.3</b>	<b>1 323 624.3</b>	<b>Total</b>

**Table 4 Expenditure by economic classification: 2010/11 to 2016/17**

R million	Audited outcome			Adjusted appropriation
	2010/11	2011/12	2012/13	2013/14
<b>Current payments</b>				
<b>Compensation of employees</b>	<b>86 894.0</b>	<b>95 755.3</b>	<b>105 245.9</b>	<b>116 184.6</b>
Salaries and wages	72 460.1	79 769.2	87 723.5	97 791.4
Social contributions	14 433.9	15 986.1	17 522.5	18 393.2
<b>Goods and services</b>	<b>43 934.5</b>	<b>49 248.0</b>	<b>51 073.0</b>	<b>60 037.4</b>
<b>Interest and rent on land</b>	<b>66 557.2</b>	<b>76 552.8</b>	<b>88 214.0</b>	<b>100 582.4</b>
Interest (including interest on finance leases)	66 554.9	76 551.5	88 211.7	100 581.1
Rent on land	2.3	1.3	2.3	1.2
<b>Total current payments</b>	<b>197 385.7</b>	<b>221 556.1</b>	<b>244 532.9</b>	<b>276 804.3</b>
<b>Transfers and subsidies to:</b>				
<b>Provinces and municipalities</b>	<b>383 780.0</b>	<b>430 799.1</b>	<b>464 706.8</b>	<b>500 641.0</b>
<b>Provinces</b>	<b>322 846.6</b>	<b>362 489.2</b>	<b>388 238.9</b>	<b>415 817.5</b>
Provincial revenue funds	322 821.8	362 488.2	388 238.0	415 816.4
Provincial agencies and funds	24.8	1.0	0.9	1.1
<b>Municipalities</b>	<b>60 933.4</b>	<b>68 309.9</b>	<b>76 468.0</b>	<b>84 823.6</b>
Municipal bank accounts	60 933.4	68 309.8	76 468.0	84 823.6
Municipal agencies and funds	0.0	0.0	0.0	-
<b>Departmental agencies and accounts</b>	<b>55 612.5</b>	<b>73 205.9</b>	<b>74 201.0</b>	<b>80 602.3</b>
Social security funds	11.5	38.9	17.0	18.7
Departmental agencies (non-business entities)	55 601.0	73 167.0	74 184.0	80 583.6
<b>Higher education institutions</b>	<b>17 726.2</b>	<b>19 555.6</b>	<b>21 164.1</b>	<b>22 474.3</b>
<b>Foreign governments and international organisations</b>	<b>1 233.7</b>	<b>1 312.4</b>	<b>1 400.1</b>	<b>1 928.5</b>
<b>Public corporations and private enterprises</b>	<b>20 058.2</b>	<b>22 432.5</b>	<b>25 213.6</b>	<b>27 061.9</b>
<b>Public corporations</b>	<b>18 254.6</b>	<b>19 640.6</b>	<b>21 515.9</b>	<b>21 456.7</b>
Subsidies on products or production	8 073.4	8 292.4	9 402.6	8 811.9
Other transfers to public corporations	10 181.3	11 348.2	12 113.3	12 644.9
<b>Private enterprises</b>	<b>1 803.6</b>	<b>2 791.9</b>	<b>3 697.7</b>	<b>5 605.2</b>
Subsidies on products or production	1 383.9	2 295.8	3 175.8	4 848.3
Other transfers to private enterprises	419.6	496.1	521.8	756.9
<b>Non-profit institutions</b>	<b>1 128.5</b>	<b>1 149.7</b>	<b>1 431.6</b>	<b>5 145.6</b>
<b>Households</b>	<b>95 571.0</b>	<b>105 054.2</b>	<b>114 225.0</b>	<b>121 055.5</b>
Social benefits	90 740.8	99 831.6	107 778.0	115 116.2
Other transfers to households	4 830.1	5 222.6	6 447.0	5 939.3
<b>Total transfers and subsidies</b>	<b>575 110.1</b>	<b>653 509.3</b>	<b>702 342.2</b>	<b>758 909.2</b>
<b>Payments for capital assets</b>				
<b>Buildings and other fixed structures</b>	<b>5 943.1</b>	<b>7 033.4</b>	<b>8 591.6</b>	<b>10 133.7</b>
Buildings	4 490.6	4 482.5	4 921.4	6 349.5
Other fixed structures	1 452.4	2 550.9	3 670.2	3 784.2
<b>Machinery and equipment</b>	<b>4 265.0</b>	<b>4 327.1</b>	<b>5 069.1</b>	<b>3 846.4</b>
Transport equipment	2 007.0	2 016.7	2 245.7	1 911.0
Other machinery and equipment	2 258.0	2 310.4	2 823.4	1 935.4
<b>Heritage assets</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>-</b>
<b>Specialised military assets</b>	<b>7.6</b>	<b>-</b>	<b>22.6</b>	<b>40.5</b>
<b>Biological assets</b>	<b>2.1</b>	<b>3.4</b>	<b>6.2</b>	<b>2.1</b>
<b>Land and subsoil assets</b>	<b>772.4</b>	<b>132.0</b>	<b>91.8</b>	<b>-</b>
<b>Software and other intangible assets</b>	<b>416.6</b>	<b>547.3</b>	<b>214.6</b>	<b>263.7</b>
<b>Total payments for capital assets</b>	<b>11 406.9</b>	<b>12 043.4</b>	<b>13 996.0</b>	<b>14 286.4</b>
<b>Payments for financial assets</b>	<b>22 076.5</b>	<b>2 802.6</b>	<b>4 624.6</b>	<b>3 593.5</b>
<b>Total</b>	<b>805 979.1</b>	<b>889 911.5</b>	<b>965 495.6</b>	<b>1 053 593.4</b>
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 500.0
Local government repayment to the National Revenue Fund	-	-	-	-500.0
<b>Total</b>	<b>805 979.1</b>	<b>889 911.5</b>	<b>965 495.6</b>	<b>1 049 593.4</b>

Table 4 Expenditure by economic classification: 2010/11 to 2016/17

Revised estimate 2013/14	Medium-term expenditure estimates			R million
	2014/15	2015/16	2016/17	
<b>116 076.9</b>	<b>123 536.8</b>	<b>130 600.9</b>	<b>139 376.1</b>	<b>Current payments</b>
97 721.9	103 528.5	109 858.6	117 398.6	<b>Compensation of employees</b>
18 355.0	20 008.3	20 742.2	21 977.5	Salaries and wages
<b>59 612.8</b>	<b>60 484.1</b>	<b>62 848.7</b>	<b>67 963.9</b>	Social contributions
<b>101 353.7</b>	<b>114 950.8</b>	<b>126 695.7</b>	<b>139 248.3</b>	<b>Goods and services</b>
101 352.5	114 949.6	126 694.5	139 247.0	<b>Interest and rent on land</b>
1.2	1.2	1.2	1.3	Interest (including interest on finance leases)
				Rent on land
<b>277 043.5</b>	<b>298 971.7</b>	<b>320 145.3</b>	<b>346 588.3</b>	<b>Total current payments</b>
<b>498 640.9</b>	<b>535 281.8</b>	<b>577 731.1</b>	<b>613 487.2</b>	<b>Transfers and subsidies to:</b>
<b>414 933.3</b>	<b>444 424.6</b>	<b>477 640.9</b>	<b>508 255.4</b>	<b>Provinces and municipalities</b>
414 932.2	444 423.1	477 639.3	508 253.8	<b>Provinces</b>
1.1	1.5	1.5	1.6	Provincial revenue funds
<b>83 707.6</b>	<b>90 857.3</b>	<b>100 090.3</b>	<b>105 231.8</b>	Provincial agencies and funds
83 707.6	90 857.3	100 090.3	105 231.8	<b>Municipalities</b>
-	-	-	-	Municipal bank accounts
<b>80 441.2</b>	<b>86 893.4</b>	<b>93 868.9</b>	<b>99 550.7</b>	Municipal agencies and funds
18.7	20.5	21.4	22.6	<b>Departmental agencies and accounts</b>
80 422.5	86 872.9	93 847.4	99 528.1	Social security funds
<b>22 474.3</b>	<b>24 241.8</b>	<b>26 330.4</b>	<b>27 718.4</b>	Departmental agencies (non-business entities)
<b>1 951.9</b>	<b>1 670.4</b>	<b>1 765.0</b>	<b>1 858.1</b>	<b>Higher education institutions</b>
<b>26 997.4</b>	<b>33 390.8</b>	<b>37 449.6</b>	<b>39 204.3</b>	<b>Foreign governments and international organisations</b>
<b>21 442.2</b>	<b>27 924.1</b>	<b>31 292.0</b>	<b>32 247.9</b>	<b>Public corporations and private enterprises</b>
8 804.4	10 545.2	10 417.8	10 870.4	<b>Public corporations</b>
12 637.9	17 378.9	20 874.2	21 377.4	Subsidies on products or production
<b>5 555.2</b>	<b>5 466.7</b>	<b>6 157.6</b>	<b>6 956.5</b>	Other transfers to public corporations
4 798.3	4 625.9	5 315.9	6 104.2	<b>Private enterprises</b>
756.9	840.8	841.6	852.3	Subsidies on products or production
<b>5 129.8</b>	<b>5 435.8</b>	<b>5 675.9</b>	<b>6 025.9</b>	Other transfers to private enterprises
<b>120 135.4</b>	<b>132 417.0</b>	<b>141 703.0</b>	<b>151 571.9</b>	<b>Non-profit institutions</b>
114 420.2	125 264.1	134 080.6	142 381.1	<b>Households</b>
5 715.2	7 152.9	7 622.3	9 190.8	Social benefits
				Other transfers to households
<b>755 770.9</b>	<b>819 331.0</b>	<b>884 523.8</b>	<b>939 416.6</b>	<b>Total transfers and subsidies</b>
<b>8 270.6</b>	<b>14 044.0</b>	<b>14 875.9</b>	<b>14 950.8</b>	<b>Payments for capital assets</b>
4 687.1	8 116.9	7 863.2	8 428.0	<b>Buildings and other fixed structures</b>
3 583.5	5 927.0	7 012.7	6 522.8	Buildings
<b>3 840.8</b>	<b>3 382.2</b>	<b>3 457.9</b>	<b>4 053.6</b>	Other fixed structures
1 905.8	1 406.6	1 338.1	1 856.6	<b>Machinery and equipment</b>
1 934.9	1 975.6	2 119.8	2 196.9	Transport equipment
-	-	-	-	Other machinery and equipment
<b>40.5</b>	<b>45.3</b>	<b>56.0</b>	<b>61.5</b>	<b>Heritage assets</b>
<b>2.1</b>	<b>2.6</b>	<b>2.8</b>	<b>3.1</b>	<b>Specialised military assets</b>
-	-	-	-	<b>Biological assets</b>
<b>261.0</b>	<b>215.0</b>	<b>208.3</b>	<b>247.7</b>	<b>Land and subsoil assets</b>
				<b>Software and other intangible assets</b>
<b>12 414.9</b>	<b>17 689.1</b>	<b>18 600.8</b>	<b>19 316.7</b>	<b>Total payments for capital assets</b>
<b>3 879.6</b>	<b>3 570.5</b>	<b>3 320.4</b>	<b>302.8</b>	<b>Payments for financial assets</b>
<b>1 049 108.9</b>	<b>1 139 562.4</b>	<b>1 226 590.3</b>	<b>1 305 624.3</b>	<b>Total</b>
-	3 000.0	6 000.0	18 000.0	Contingency reserve
-	-	-	-	Projected underspending
-	-	-	-	Local government repayment to the National Revenue Fund
<b>1 049 108.9</b>	<b>1 142 562.4</b>	<b>1 232 590.3</b>	<b>1 323 624.3</b>	<b>Total</b>

Table 5 Amounts to be appropriated from the National Revenue Fund for 2014/15

R million	Appropriated (including direct charges)	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	To be appropriated	Increase/ Decrease <sup>1</sup>	
								2013/14
1	The Presidency	1 095.7	588.7	576.0	16.2	–	1 180.8	85.1
2	Parliament	1 873.1	1 637.3	348.5	3.4	–	1 989.2	116.0
3	Cooperative Governance and Traditional Affairs	58 252.7	2 690.7	60 513.3	8.7	–	63 212.7	4 960.0
4	Home Affairs	6 567.8	4 853.8	1 759.0	10.9	–	6 623.7	55.9
5	International Relations and Cooperation	5 548.4	4 582.6	745.7	426.0	–	5 754.3	205.9
6	Performance Monitoring and Evaluation	192.7	202.4	–	5.8	–	208.2	15.4
7	Public Works	6 170.0	2 962.0	2 563.4	595.9	–	6 121.3	-48.7
8	Women, Children and People with Disabilities	198.3	147.3	67.2	4.0	–	218.5	20.2
9	Government Communication and Information System	396.7	388.0	21.8	3.3	–	413.1	16.3
10	National Treasury	473 413.2	116 471.4	394 596.3	185.5	3 570.5	514 823.8	41 410.6
11	Public Enterprises	236.9	255.6	0.1	4.1	–	259.8	22.9
12	Public Service and Administration	816.4	478.6	390.2	6.3	–	875.1	58.7
13	Statistics South Africa	1 737.7	1 767.7	15.1	459.7	–	2 242.5	504.8
14	Arts and Culture	2 914.8	690.3	2 827.1	7.4	–	3 524.7	610.0
15	Basic Education	17 591.9	2 480.2	14 267.4	2 932.5	–	19 680.1	2 088.2
16	Health	30 706.7	2 014.1	30 916.4	1 025.0	–	33 955.5	3 248.8
17	Higher Education and Training	46 725.4	610.5	49 692.5	3.7	–	50 306.7	3 581.3
18	Labour	2 415.2	1 554.0	942.4	31.0	–	2 527.3	112.0
19	Social Development	120 491.6	679.4	128 113.3	6.7	–	128 799.4	8 307.8
20	Sport and Recreation South Africa	1 073.5	269.5	698.8	2.2	–	970.4	-103.1
21	Correctional Services	18 748.1	18 585.5	81.8	1 053.8	–	19 721.1	973.0
22	Defence and Military Veterans	40 243.3	34 471.1	7 838.2	521.9	–	42 831.2	2 587.9
23	Independent Police Investigative Directorate	217.0	231.3	0.5	2.9	–	234.7	17.7
24	Justice and Constitutional Development	16 709.9	14 289.2	2 273.3	1 329.6	–	17 892.1	1 182.2
25	Police	67 917.1	68 924.4	737.1	2 845.7	–	72 507.2	4 590.1
26	Agriculture, Forestry and Fisheries	6 178.0	2 555.3	4 035.4	101.6	–	6 692.4	514.4
27	Communications	2 043.9	503.4	1 084.5	5.5	–	1 593.4	-450.5
28	Economic Development	771.5	160.8	533.9	2.2	–	696.9	-74.6
29	Energy	6 598.2	518.3	6 892.1	5.2	–	7 415.6	817.5
30	Environmental Affairs	5 431.2	1 951.2	3 675.7	41.4	–	5 668.4	237.2
31	Human Settlements	28 110.5	823.9	28 728.3	969.3	–	30 521.4	2 410.9
32	Mineral Resources	1 393.8	742.3	717.9	11.0	–	1 471.3	77.4
33	Rural Development and Land Reform	9 459.7	3 549.6	5 881.7	24.0	–	9 455.3	-4.4
34	Science and Technology	6 198.2	486.7	5 981.2	2.3	–	6 470.2	272.0
35	Tourism	1 500.6	380.3	1 272.6	9.3	–	1 662.1	161.5
36	Trade and Industry	9 572.6	1 536.4	8 274.5	24.1	–	9 835.0	262.4
37	Transport	42 275.3	968.1	47 754.2	4.2	–	48 726.5	6 451.2
38	Water Affairs	10 187.0	2 969.7	4 513.9	4 996.8	–	12 480.3	2 293.4
<b>Total</b>	<b>1 051 974.6</b>	<b>298 971.7</b>	<b>819 331.0</b>	<b>17 689.1</b>	<b>3 570.5</b>	<b>1 139 562.4</b>	<b>87 587.8</b>	

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

**Table 6a Conditional grants to provinces: 2010/11 to 2016/17<sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2010/11	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
3 Cooperative Governance and Traditional Affairs	214.4	15.1	0.9	188.1	38.1	197.4	204.3	215.2
7 Public Works	2 104.3	2 229.0	2 308.4	614.5	614.5	606.9	624.1	786.5
10 National Treasury	–	1 089.7	–	–	–	–	–	–
14 Arts and Culture	462.4	569.9	564.6	597.8	597.8	1 016.2	1 340.6	1 411.6
15 Basic Education	7 078.6	10 357.7	11 205.9	12 370.6	11 836.5	13 169.5	15 827.0	16 662.0
16 Health	21 042.0	24 034.8	26 071.7	27 686.4	27 686.4	30 111.3	32 484.4	35 183.9
17 Higher Education and Training	3 804.0	4 375.3	4 844.6	2 454.2	2 454.2	2 631.3	2 818.6	2 974.0
19 Social Development	–	–	–	–	–	29.0	47.5	47.5
20 Sport and Recreation South Africa	426.4	452.0	469.6	497.6	497.6	525.6	549.8	579.0
26 Agriculture, Forestry and Fisheries	1 125.7	1 651.7	2 062.4	2 151.8	2 151.8	2 389.1	2 238.1	2 336.1
31 Human Settlements	13 032.1	15 121.5	15 395.0	17 028.3	17 028.3	17 084.4	18 532.6	20 409.6
37 Transport	8 392.5	10 855.9	12 299.1	13 290.3	13 090.3	14 194.2	15 005.0	15 609.8
<b>Total</b>	<b>57 682.4</b>	<b>70 752.7</b>	<b>75 222.2</b>	<b>76 879.5</b>	<b>75 995.4</b>	<b>81 955.0</b>	<b>89 671.9</b>	<b>96 215.0</b>

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

**Table 6b Conditional grants to municipalities: 2010/11 to 2016/17<sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2010/11	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
3 Cooperative Governance and Traditional Affairs	9 916.3	11 695.8	14 182.4	15 059.7	14 959.7	15 336.9	15 757.4	16 438.1
7 Public Works	279.6	363.9	661.5	611.3	611.3	594.6	619.0	706.0
10 National Treasury	1 196.4	1 162.0	1 056.3	1 161.3	1 161.3	1 399.7	1 465.0	1 558.2
20 Sport and Recreation South Africa	512.6	–	123.1	120.0	120.0	–	–	–
29 Energy	1 253.4	1 376.6	1 351.4	1 815.5	1 815.5	1 241.6	2 244.4	2 368.9
31 Human Settlements	4 968.0	6 267.0	7 392.2	9 183.6	9 183.6	10 632.3	11 005.8	11 656.5
37 Transport	3 709.9	4 647.1	4 921.7	5 602.2	5 602.2	5 946.1	6 238.7	6 569.3
38 Water Affairs	984.6	992.3	562.4	1 023.9	813.9	983.7	1 850.4	1 797.2
<b>Total</b>	<b>22 820.8</b>	<b>26 504.8</b>	<b>30 251.2</b>	<b>34 577.5</b>	<b>34 267.5</b>	<b>36 134.8</b>	<b>39 180.6</b>	<b>41 094.1</b>

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

Table 7 Training expenditure per vote: 2010/11 to 2016/17

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
1 The Presidency	2.1	1.1	2.3	3.0	3.3	3.5	3.7
2 Parliament	6.7	4.5	5.9	9.3	11.4	12.0	12.4
3 Cooperative Governance and Traditional Affairs	1.4	1.4	1.7	3.1	2.6	2.7	2.9
4 Home Affairs	40.1	62.2	8.6	21.4	23.9	24.9	26.2
5 International Relations and Cooperation	12.5	11.6	12.0	30.0	24.6	24.9	26.7
6 Performance Monitoring and Evaluation	–	0.7	2.0	2.3	1.4	1.5	1.7
7 Public Works	10.2	13.5	13.3	14.7	15.8	16.8	18.7
8 Women, Children and People with Disabilities	–	0.1	0.1	0.8	0.8	0.9	1.0
9 Government Communication and Information System	5.3	4.7	3.2	3.1	5.6	5.8	6.1
10 National Treasury	8.4	8.9	10.5	9.4	9.3	9.4	9.8
11 Public Enterprises	2.6	3.0	2.0	3.2	3.3	3.5	3.7
12 Public Service and Administration	3.4	3.7	4.9	4.0	4.8	4.5	4.5
13 Statistics South Africa	9.9	7.9	17.6	7.7	9.9	10.4	11.0
14 Arts and Culture	2.8	3.5	2.0	2.0	2.1	2.2	2.4
15 Basic Education	1.2	0.8	1.1	1.2	1.3	1.4	1.5
16 Health	5.2	5.7	5.9	6.9	5.5	5.7	6.4
17 Higher Education and Training	0.9	1.6	1.8	1.4	2.5	2.6	2.7
18 Labour	6.5	7.6	11.9	14.3	15.0	14.9	15.7
19 Social Development	4.4	4.0	3.4	8.4	8.8	9.2	9.8
20 Sport and Recreation South Africa	0.6	0.9	1.6	1.1	1.3	1.4	1.5
21 Correctional Services	78.9	126.0	116.6	135.6	131.6	135.5	143.7
22 Defence and Military Veterans	119.0	154.8	107.5	194.2	175.4	185.8	181.0
23 Independent Police Investigative Directorate	0.8	1.8	1.8	2.2	3.4	4.7	4.7
24 Justice and Constitutional Development	18.8	6.6	16.8	92.3	101.0	106.0	111.3
25 Police	1 421.4	1 507.9	1 623.7	1 733.0	1 785.0	1 838.5	1 893.7
26 Agriculture, Forestry and Fisheries	37.7	29.1	32.1	49.2	55.3	55.8	58.8
27 Communications	5.1	10.8	3.9	3.3	3.4	3.6	3.8
28 Economic Development	–	1.4	0.4	1.0	1.1	1.1	1.1
29 Energy	2.1	2.5	2.1	1.2	5.2	5.5	5.8
30 Environmental Affairs	6.4	16.0	7.4	6.5	7.0	7.5	–
31 Human Settlements	3.0	3.2	4.2	5.2	5.4	5.6	5.9
32 Mineral Resources	7.8	3.1	2.3	8.3	6.9	7.2	7.6
33 Rural Development and Land Reform	28.9	25.4	1.9	232.1	131.2	135.7	142.7
34 Science and Technology	2.8	4.2	6.1	5.2	5.5	5.8	5.8
35 Tourism	1.1	2.1	3.0	3.1	3.3	3.4	3.9
36 Trade and Industry	9.4	16.3	16.4	14.2	15.0	13.9	14.5
37 Transport	5.4	4.4	5.2	4.1	4.4	4.6	4.9
38 Water Affairs	56.7	31.2	31.8	30.3	31.8	33.8	35.5
<b>Total</b>	<b>1 929.5</b>	<b>2 094.1</b>	<b>2 095.3</b>	<b>2 668.4</b>	<b>2 625.2</b>	<b>2 712.3</b>	<b>2 792.9</b>

**Table 8a Infrastructure expenditure per vote: 2010/11 to 2016/17<sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
3 Cooperative Governance and Traditional Affairs	9 704.3	11 443.5	13 879.2	14 354.4	14 683.8	15 098.1	15 766.8
4 Home Affairs	67.2	78.9	27.6	78.2	183.3	93.8	96.4
5 International Relations and Cooperation	134.5	205.2	113.0	202.9	214.0	223.8	235.7
7 Public Works	1 255.9	1 011.4	713.0	676.2	510.4	844.0	885.2
9 Government Communication and Information System	–	–	48.9	52.8	–	–	–
10 National Treasury	1 051.5	887.9	810.7	824.3	823.6	835.3	901.1
14 Arts and Culture	447.8	364.3	229.8	509.5	540.1	564.9	594.9
15 Basic Education	3 227.2	5 597.7	6 860.7	8 830.8	10 073.7	12 116.2	12 873.4
16 Health	4 257.1	5 683.4	5 524.4	5 471.0	6 097.0	6 324.4	6 695.6
17 Higher Education and Training	1 585.0	1 625.3	1 799.9	2 150.0	2 700.0	3 300.0	3 474.9
18 Labour	16.9	7.1	8.6	5.5	0.0	–	–
19 Social Development	–	–	–	–	50.0	50.0	50.0
20 Sport and Recreation South Africa	512.6	–	–	–	–	–	–
21 Correctional Services	950.9	592.4	744.5	803.1	813.0	819.9	863.4
22 Defence and Military Veterans	699.9	530.7	1 381.7	1 207.7	1 043.3	1 041.3	2 183.5
24 Justice and Constitutional Development	542.5	683.6	621.2	784.6	844.5	784.1	1 046.9
25 Police	1 182.1	671.1	691.6	1 036.9	1 099.9	1 149.5	1 210.5
26 Agriculture, Forestry and Fisheries	121.3	262.2	555.2	468.4	710.1	691.4	430.7
27 Communications	191.0	533.9	–	624.3	131.8	64.9	68.3
29 Energy	4 263.1	4 462.3	4 589.1	3 575.0	4 149.3	5 837.2	6 146.6
30 Environmental Affairs	601.7	642.8	337.5	405.7	546.4	608.2	540.2
31 Human Settlements	18 108.7	21 575.9	22 992.8	26 268.0	28 381.4	30 281.1	31 766.0
33 Rural Development and Land Reform	6.9	20.8	4.7	2.2	–	–	–
34 Science and Technology	236.9	417.7	483.7	579.1	992.4	1 056.7	1 061.6
36 Trade and Industry	1 224.3	837.3	949.5	1 144.0	840.0	1 390.0	1 924.5
37 Transport	18 701.4	28 101.4	25 016.6	26 712.7	33 727.3	37 980.4	39 859.6
38 Water Affairs	2 466.4	3 569.3	4 950.8	5 508.3	7 640.0	9 741.9	10 296.2
<b>Total</b>	<b>71 557.1</b>	<b>89 806.2</b>	<b>93 334.7</b>	<b>102 275.7</b>	<b>116 795.1</b>	<b>130 897.1</b>	<b>138 971.8</b>

**Table 8b Infrastructure nature of investment: 2010/11 to 2016/17<sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
<b>New infrastructure assets</b>	<b>2 528.9</b>	<b>3 312.0</b>	<b>4 147.4</b>	<b>5 718.8</b>	<b>9 733.8</b>	<b>9 080.4</b>	<b>9 264.4</b>
<b>Existing infrastructure assets</b>	<b>4 368.0</b>	<b>3 405.9</b>	<b>4 839.4</b>	<b>5 876.8</b>	<b>5 430.6</b>	<b>6 370.8</b>	<b>7 625.2</b>
Upgrading and additions	3 479.0	2 722.6	3 448.6	4 183.4	3 721.9	4 411.8	4 309.4
Rehabilitation, renovations and refurbishment	378.8	351.4	1 199.7	1 289.0	1 364.3	1 577.9	2 825.2
Maintenance and repair	510.2	331.9	191.1	404.5	344.3	381.2	490.6
<b>Infrastructure transfers</b>	<b>64 660.2</b>	<b>83 088.3</b>	<b>84 348.0</b>	<b>90 680.1</b>	<b>101 630.8</b>	<b>115 445.9</b>	<b>122 082.1</b>
Current	132.6	259.4	478.2	444.2	614.1	445.4	448.8
Capital	64 527.7	82 828.9	83 869.8	90 235.9	101 016.7	115 000.5	121 633.4
<b>Total Infrastructure</b>	<b>71 557.1</b>	<b>89 806.2</b>	<b>93 334.7</b>	<b>102 275.7</b>	<b>116 795.1</b>	<b>130 897.1</b>	<b>138 971.8</b>
<i>Current infrastructure</i> <sup>2</sup>	642.8	591.3	669.3	848.6	958.4	826.6	939.4
<i>Capital infrastructure</i> <sup>3</sup>	70 914.4	89 215.0	92 665.5	101 427.1	115 836.7	130 070.5	138 032.4

1. Amounts include: mega infrastructure projects and programmes for which the total cost is at least R1 billion over the project life cycle; large projects and programmes for which the total cost is at least R250 million but less than R1 billion over the project life cycle; and small projects and programmes for which the total cost is less than R250 million over the project life cycle. Amounts also include: infrastructure transfers to other spheres, agencies and entities; and maintenance and repair projects.

2. Current infrastructure refers to the maintenance and repairs of existing infrastructure assets and is aimed at maintaining the capacity and effectiveness of an asset at the designed level.

3. Capital infrastructure refers to the construction, replacement, upgrade, rehabilitation, renovation and refurbishment of infrastructure resulting in a new asset or an increase in the capacity, effectiveness and value of an existing one.

Table 9 Personnel expenditure per vote: 2010/11 to 2016/17

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2010/11	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
1 The Presidency	210.2	235.6	263.0	300.0	300.0	334.6	352.4	371.9
2 Parliament	795.5	857.9	973.1	1 107.0	1 107.0	1 156.1	1 226.1	1 294.3
3 Cooperative Governance and Traditional Affairs	157.0	196.2	216.6	245.1	245.1	256.6	271.8	288.5
4 Home Affairs	2 051.9	1 944.9	2 179.6	2 496.5	2 496.5	2 670.0	2 832.1	3 021.1
5 International Relations and Cooperation	1 791.4	1 934.2	2 153.2	2 354.3	2 354.3	2 461.8	2 484.0	2 670.9
6 Performance Monitoring and Evaluation	26.1	54.4	83.0	108.5	108.5	131.5	142.3	151.7
7 Public Works	1 089.7	1 269.6	1 374.6	1 473.5	1 473.5	1 659.9	1 753.5	1 870.5
8 Women, Children and People with Disabilities	22.7	47.8	61.0	78.7	78.7	84.6	89.3	95.2
9 Government Communication and Information System	147.2	160.3	175.2	188.7	186.6	200.1	212.2	226.2
10 National Treasury	476.2	537.1	589.7	659.5	639.0	764.9	809.9	863.2
11 Public Enterprises	83.1	96.2	105.3	131.9	131.9	149.6	159.5	169.9
12 Public Service and Administration	175.4	181.9	203.3	267.2	267.2	265.8	296.5	316.6
13 Statistics South Africa	976.3	1 232.8	1 074.9	1 103.3	1 087.3	1 231.7	1 301.0	1 369.5
14 Arts and Culture	152.8	163.7	172.7	196.4	193.9	209.9	223.0	237.9
15 Basic Education	252.9	295.4	325.2	388.2	388.2	414.7	438.0	466.9
16 Health	353.7	409.7	482.3	538.4	540.5	597.2	637.3	674.7
17 Higher Education and Training	258.2	305.6	360.4	402.7	400.3	426.5	448.4	478.0
18 Labour	681.5	757.9	820.5	882.0	879.9	966.5	1 033.4	1 315.5
19 Social Development	247.0	273.6	291.3	329.2	329.2	355.8	381.4	406.2
20 Sport and Recreation South Africa	70.6	73.1	73.7	85.9	63.6	103.0	106.9	114.0
21 Correctional Services	9 506.7	10 851.8	11 337.8	12 357.1	12 357.1	13 315.6	14 113.3	15 044.8
22 Defence and Military Veterans	16 597.1	17 569.0	19 688.4	21 373.0	21 373.0	21 980.2	23 354.7	25 138.5
23 Independent Police Investigative Directorate	71.8	78.1	96.0	131.9	131.9	162.3	169.9	178.0
24 Justice and Constitutional Development	6 944.9	7 559.2	8 193.4	9 399.4	9 399.4	10 130.3	10 634.1	11 158.7
25 Police	38 399.5	42 407.5	46 796.3	51 231.6	51 231.6	54 210.0	57 532.0	61 176.8
26 Agriculture, Forestry and Fisheries	1 189.9	1 320.7	1 419.1	1 603.3	1 603.3	1 697.9	1 833.4	1 934.6
27 Communications	145.1	151.6	157.5	195.0	195.0	204.6	217.1	231.5
28 Economic Development	25.2	48.3	62.1	72.4	72.4	107.8	113.3	111.0
29 Energy	142.8	184.8	201.5	242.6	226.5	291.9	307.4	328.3
30 Environmental Affairs	400.1	469.1	560.8	668.0	668.0	752.2	808.7	866.3
31 Human Settlements	216.5	242.7	249.8	362.8	362.8	390.0	417.8	445.4
32 Mineral Resources	326.5	364.6	395.9	444.1	442.0	476.8	505.7	539.0
33 Rural Development and Land Reform	946.7	1 373.3	1 727.8	1 965.4	1 965.4	2 195.8	2 024.7	2 270.6
34 Science and Technology	190.6	207.2	221.8	251.4	251.4	283.8	300.5	303.7
35 Tourism	100.3	135.3	171.2	205.8	205.8	233.3	246.1	259.4
36 Trade and Industry	514.5	567.0	671.6	818.3	818.3	916.9	980.9	1 033.9
37 Transport	250.8	274.5	287.8	344.2	337.5	383.4	406.5	433.3
38 Water Affairs	906.0	922.8	1 028.5	1 181.5	1 164.6	1 362.9	1 435.9	1 519.5
<b>Total</b>	<b>86 894.0</b>	<b>95 755.3</b>	<b>105 245.9</b>	<b>116 184.6</b>	<b>116 076.9</b>	<b>123 536.8</b>	<b>130 600.9</b>	<b>139 376.1</b>

Table 10 Departmental receipts per vote: 2010/11 to 2016/17<sup>1</sup>

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates		
	2010/11	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
1 The Presidency	0.6	2.4	9.0	0.8	0.9	0.9	0.9	1.0
2 Parliament	32.7	34.2	38.0	33.6	33.6	34.0	32.2	30.5
3 Cooperative Governance and Traditional Affairs	0.2	1.1	1.0	0.9	0.9	0.9	1.0	1.0
4 Home Affairs	644.8	911.0	712.1	588.0	817.6	651.4	723.7	768.7
5 International Relations and Cooperation	38.8	82.9	46.7	25.4	25.4	26.5	27.8	29.1
6 Performance Monitoring and Evaluation	–	0.1	0.1	0.1	0.1	0.1	0.1	0.1
7 Public Works	40.0	75.2	53.8	12.4	12.4	13.2	13.9	14.6
8 Women, Children and People with Disabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9 Government Communication and Information System	1.6	0.9	1.0	0.9	0.8	0.8	0.9	1.0
10 National Treasury	5 988.0	8 610.0	15 735.3	14 407.3	15 174.4	6 722.5	5 015.5	6 982.0
11 Public Enterprises	0.3	0.1	0.5	0.2	0.3	0.1	0.1	0.1
12 Public Service and Administration	2.1	0.5	0.5	1.2	1.2	0.8	0.9	0.9
13 Statistics South Africa	2.6	3.0	2.7	2.4	2.4	2.6	2.9	3.0
14 Arts and Culture	2.1	1.0	1.9	1.8	2.4	2.6	2.7	2.7
15 Basic Education	1.7	12.7	8.0	11.3	10.8	8.6	6.1	6.3
16 Health	27.2	55.3	33.8	23.5	39.4	32.8	32.8	34.2
17 Higher Education and Training	8.9	10.3	10.9	10.9	9.3	9.4	9.6	10.1
18 Labour	9.0	7.6	15.7	15.2	15.2	10.1	10.5	10.9
19 Social Development	10.5	103.2	44.4	8.0	8.0	18.0	19.8	16.2
20 Sport and Recreation South Africa	0.3	0.3	8.7	0.2	0.3	0.3	0.4	0.4
21 Correctional Services	115.4	146.9	127.0	131.1	131.1	135.7	150.0	158.1
22 Defence and Military Veterans	689.7	4 269.0	1 044.5	798.9	798.9	814.9	818.2	859.1
23 Independent Police Investigative Directorate	0.2	0.1	0.2	0.3	0.3	0.2	0.2	0.2
24 Justice and Constitutional Development	414.2	387.3	457.3	408.7	408.7	472.7	498.7	525.6
25 Police	287.7	288.8	342.0	320.9	320.9	280.4	297.0	301.7
26 Agriculture, Forestry and Fisheries	157.0	177.4	198.0	383.8	392.3	159.9	167.9	176.3
27 Communications	1 894.9	2 329.4	2 612.2	3 435.0	3 306.3	2 993.9	3 042.6	3 072.8
28 Economic Development	547.2	592.9	668.7	1 978.4	1 978.4	826.8	867.3	911.4
29 Energy	3.9	3.4	390.1	2.9	40.6	2.6	2.8	2.9
30 Environmental Affairs	8.5	18.0	18.5	19.1	28.5	23.7	24.8	25.8
31 Human Settlements	2.8	0.6	1.0	6.6	6.6	0.6	0.7	0.7
32 Mineral Resources	30.3	93.2	93.4	41.6	51.1	54.7	57.2	60.2
33 Rural Development and Land Reform	48.8	46.2	79.6	78.2	78.2	42.1	40.2	41.4
34 Science and Technology	0.5	1.4	1.2	1.8	1.8	0.1	0.1	0.1
35 Tourism	1.5	1.9	1.5	4.1	3.8	1.7	1.8	1.9
36 Trade and Industry	35.6	78.7	135.3	89.0	89.2	96.6	102.8	108.3
37 Transport	408.8	312.5	178.3	327.2	253.2	268.8	280.8	295.7
38 Water Affairs	33.1	85.6	26.0	24.7	29.4	25.6	26.6	26.7
<b>Total departmental receipts as per Estimates of National Expenditure</b>	<b>11 491.7</b>	<b>18 745.0</b>	<b>23 099.0</b>	<b>23 196.4</b>	<b>24 074.6</b>	<b>13 736.6</b>	<b>12 281.1</b>	<b>14 481.6</b>
Less: Parliament (retained departmental receipts)	32.7	34.2	38.0	33.6	33.6	34.0	32.2	30.5
Plus: National Revenue Fund receipts <sup>2</sup>	600.0	–	–	–	–	–	–	–
Plus: South African Revenue Service departmental receipts collection	4 415.0	5 691.6	5 026.1	6 188.6	6 500.0	7 166.8	8 066.7	9 107.5
<b>Total departmental receipts as per Budget Review</b>	<b>16 474.0</b>	<b>24 402.5</b>	<b>28 087.1</b>	<b>29 351.4</b>	<b>30 541.0</b>	<b>20 869.4</b>	<b>20 315.6</b>	<b>23 558.5</b>

1. Departmental receipts include National Revenue Fund receipts, previously classified as extraordinary receipts.

2. National Revenue Fund receipts in this instance refer to levy accounts/exchange control forfeits collected by the South African Reserve Bank.

# Information contained in Estimates of National Expenditure chapters

The Estimates of National Expenditure publications describe in detail the planned spending of all national government votes for three years going forward: that is, the years of the medium term expenditure framework (MTEF).

The abridged Estimates of National Expenditure publication is tabled in Parliament by the Minister of Finance on the day the main Budget is tabled. Through an accompanying Appropriation Bill, the executive seeks Parliament's approval and adoption of its spending plans for the new financial year. Amounts allocated for the first year of the new MTEF period are then appropriated from the National Revenue Fund in terms of the Appropriation Act, once approved by the president. The main budget also provides for a contingency reserve for expenditure related to unforeseeable circumstances.

Information in the Appropriation Bill is divided according to vote. Generally, a vote specifies the total amount appropriated per department. In some cases a vote may contain more than one department. Each chapter in the abridged Estimates of National Expenditure publication relates to a vote. A separate e-publication is also available for each vote.

The Estimates of National Expenditure e-publications for individual votes provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on training, a revised spending estimate for the current financial year, as well as expenditure information at the level of service delivery, where appropriate. These publications are available at [www.treasury.gov.za](http://www.treasury.gov.za).

**In respect of each vote, the Estimates of National Expenditure publications follow the layout shown below:**

## Budget summary

This table shows the budgeted expenditure for the vote for the three-year MTEF period.

	2014/15					2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
R million							
<b>MTEF allocation</b>							
Programme name							
<b>Subtotal</b>							
<b>Direct charge against the National Revenue Fund</b>							
Item							
<b>Total expenditure estimates</b>							

Executive authority

Minister

Accounting officer

Director-General / Chief Operating Officer

Website address

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

The **2014/15 total** shows the expenditure allocation per programme and the aggregated amount for 2014/15, and corresponds with the information in the 2014 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 a department for its operational requirements.

**Transfers and subsidies** are payments made by a 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** are mainly 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 the purpose of the transaction is not profit oriented. This column is only shown in votes 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, 2015/16 and 2016/17, are also shown. These estimates are not included in the 2014 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 of the planning of the 2015 Budget.

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

**Total expenditure estimates** are the sum of the expenditure on programmes and direct charges, classified into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

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

## Aim

*The aim of the vote captures a department's mandate, strategic objectives or administrative functions, as stated in the Appropriation Bill.*

## Mandate

The department's mandate as contained in the relevant act(s) or policy document(s) that govern(s) the department's establishment and operations.

## Strategic goals

Departmental strategic goals identify areas of institutional performance that are critical to the achievement of the department's legislative mandate and responsibilities. These goals are generally aligned with departmental strategic plans.

## Programme purposes

Each vote is comprised of several programmes. The functions and activities performed by an institution 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. In terms of the Public Finance Management Act (1999), the programme purpose outlines the activities and functions of the particular programme as per the approved budget programme structure.

## Selected performance indicators

This table highlights performance in terms of key indicators for the vote for the past three years, the current year and the three-year MTEF period.

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17

Managing, monitoring and measuring performance are integral to improving service delivery. 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. It should, however, contain key performance indicators that form part of government's performance management system, departmental annual performance plans and ministerial delivery agreements.

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

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

The **outcome** column links the indicator to one or more of the 12 government outcomes to which it contributes.

The **past** column shows what level of performance the department actually achieved in the 2010/11, 2011/12 and 2012/13 financial years.

The **current** column shows what the department projects it will achieve for the 2013/14 financial year.

The **projections** column shows what the department expects to achieve in the 2014/15, 2015/16 and 2016/17 financial years.

## The national development plan

Information is presented on how the department's programmes and plans may link with the national development plan, including how the department expects to engage with the realisation of this plan going forward.

**In the selected performance indicators table, a dash (–) means that information is not available. However, in all expenditure and revenue tables, a dash (–) indicates that information is either unavailable or equal to zero. Due to rounding off, the line item figures in the tables may not necessarily add up to the total figures in the table.**

## 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 2013/14	Revised estimate	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2014/15	2015/16	2016/17		
R million												
Programme name												
Subtotal												
Direct charge against the National Revenue Fund												
Item												
Total												
Change to 2013 Budget estimate												
<b>Economic classification</b>												
Current payments												
Economic classification item												
Transfers and subsidies												
Economic classification item												
Payments for capital assets												
Economic classification item												
Payments for financial assets												
Total												

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.

**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 any changes made to the appropriation voted in the 2013 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 were included in the Adjustments Appropriation Bill, which Parliament approved before expenditure could take place, and the details were published in the 2013 Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2013/14 represents expenditure outcomes in terms of National Treasury's current estimate, arrived at in consultation with the department. This does not imply a change in the amounts voted to departments in the 2013/14 adjusted appropriation; it is merely a more recent estimate of what the department is likely to spend in this financial year.

The **average growth rate** for the stated period is shown as a percentage.

The **expenditure/total: average** column shows on average what proportion an expenditure item comprises of total vote expenditure for the stated period as a percentage.

The **medium-term expenditure estimates** are shown for 2014/15, 2015/16 and 2016/17. The spending figures for 2014/15 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 2015/16 and 2016/17 are indicative allocations, and will form the basis of planning for the 2015 Budget.

**Direct charges against the National Revenue Fund** are amounts spent in terms of statutes and do not require parliamentary approval and thus are not contained in the Appropriation Bill. 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. The average growth rates are also shown for the totals for the stated periods.

## Personnel information

This table provides details of the total department personnel numbers according to salary level<sup>1</sup>.

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)	
		2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17				
Vote name		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost
Salary Level																
1 – 6																
7 – 10																
11 – 12																
13 – 16																
Other																

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

2. Rand million.

**Number of funded posts** refers to the number of departmental employment positions for which provision is made on the budget.

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

Information is provided on the **number and cost of personnel posts filled/planned for on funded establishment** in the department by salary level. **Unit cost** is calculated by dividing the cost per salary level by the number of posts.

The **average growth rate** for the stated period is shown as a percentage.

The **salary level/ total: average** column shows on average what proportion the salary level cost comprises of the total vote personnel expenditure for the stated period.

Personnel information by salary level over a five-year period is provided, and discussed in relation to compensation of employees. An explanation of changes to the size of the establishment is given in relation to the department's strategic plan and service delivery goals.

## Expenditure trends

The main expenditure trends are described. Trends are generally represented over the MTEF period between 2013/14 and 2016/17, or over the entire period between 2010/11 and 2016/17.

An explanation of the spending trends over the MTEF period is given in relation to the strategic objectives and the performance targets that will be achieved over the period. Expenditure growth in the historical period is typically compared to expenditure anticipated over the MTEF period. Reasons are given for trends that are identified, and any significant increases or decreases in expenditure are explained in terms of the underlying performance information, policies, personnel profile and other factors that inform the trends. A summary of the key Cabinet approved changes to the vote baseline budget is given.

The average annual growth rates in tables are reflected in nominal, not real, terms. In particular instances where inflationary growth has been excluded in the calculation and real growth estimates are discussed, the consumer price index has been used to deflate the growth rate.

### Infrastructure spending

Expenditure on existing and new infrastructure is discussed, together with any progress made on the implementation of key existing and new infrastructure.

## Departmental receipts

This table provides details of the revenue collected on the vote.

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
Departmental receipts												
Economic classification												
Item												
Lower level classification												
item												
Total												

## Information on each programme

### Objectives

Objectives are indicated for each programme. Objectives should include an explanation of strategic intent as well as specific interventions and progress measures. These are broadly aligned with strategic objectives captured in the strategic and annual performance plans. (Programme 1 (*Administration*) is generally exempt from providing objectives).

For example: Improve the provision of identity status services and products to eligible citizens and residents (strategic intention/objective) by reducing the time taken to issue passports and travel documents (specific intervention) from 7 days in 2013/14 to 3 days in 2016/17 (progress measure).

### Subprogrammes (per programme)

The key activities carried out by each subprogramme are described. Programme 1 is always *Administration*, which includes spending on the ministry, the director general's office and central corporate services. The *Ministry* subprogramme includes spending on the ministerial and deputy ministerial offices. Where applicable, explanatory notes on transfers to public entities or partner organisations, and on subsidies, incentives or financial assistance programmes, are also provided.

## 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	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Subprogramme name											
<b>Total</b>											
Change to 2013 Budget estimate											
<b>Economic classification</b>											
<b>Current payments</b>											
Economic classification item											
<b>Transfers and subsidies</b>											
Economic classification item											
<b>Payments for capital assets</b>											
Economic classification item											
<b>Payments for financial assets</b>											
<b>Total</b>											
Proportion of total programme expenditure to vote expenditure											

## Personnel information (per programme)

This table provides details of the total programme personnel numbers according to salary level<sup>1</sup>.

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
Programme name		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Salary Level</b>																			
1 – 6																			
7 – 10																			
11 – 12																			
13 – 16																			
Other																			

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

2. Rand million.

## Expenditure trends (per programme)

The spending focus of the programme is explained. The largest spending items and personnel numbers are highlighted and explained together with the underlying performance information, policies and factors that inform these quantum. Significant spending trends and year-on-year fluctuations are explained. Expenditure efficiencies and other measures to be implemented by the programme over the medium term to effect cost reductions and reprioritisations are also explained. Personnel trends, including the use of consultants in relation to programme personnel, are discussed where appropriate.

## Selected subprogrammes (per subprogramme)

Economic classification data and accompanying explanations are provided for selected subprogrammes as follows.

## Expenditure estimates (per subprogramme)

This table sets out expenditure by economic classification.

Economic classification	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Current payments</b>											
Economic classification item											
<b>Transfers and subsidies</b>											
Economic classification item											
<b>Payments for capital assets</b>											
Economic classification item											
<b>Payments for financial assets</b>											
<b>Total</b>											
<b>Proportion of total subprogramme expenditure to programme expenditure</b>											

## Personnel information (per subprogramme)

This table provides details of the total subprogramme personnel numbers according to salary level<sup>1</sup>.

Subprogramme name	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment									Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17									
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary Level																
1 – 6																
7 – 10																
11 – 12																
13 – 16																

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

2. Rand million.

## Expenditure trends (per subprogramme)

The largest economic classification spending items and personnel numbers are highlighted and the underlying performance information, policies and factors are provided. Significant spending trends and year-on-year fluctuations are explained, where appropriate. Expenditure efficiencies and other measures to be implemented by the subprogramme over the medium term to effect cost reductions and reprioritisations are also explained.

## Public entities and other agencies

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

However, it is important to note that the basis of accounting used by entities is different from that used by departments. As such, the statements of financial performance and financial position of entities are shown in this section of the publications.

Public entity accounts are prepared using an accrual basis of accounting, whereas departmental accounts are prepared using a modified cash basis of accounting.

In the accrual basis of accounting a transaction is recorded whenever there is an economic event regardless of when cash transactions occur. This basis of accounting also includes items that do not involve any flow of cash, such as adjustments made to account for depreciation.

In the cash basis of accounting a transaction is recorded only if cash has been exchanged and at the time that this exchange takes place.

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

- the entity's key legal mandate and goals
- selected performance indicators relating to the entity's mandate and goals
- planned deliverables for the next MTEF period
- key achievements in the previous reporting periods
- reprioritisation and baseline reduction measures implemented
- 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 that relate to the key activities being carried out
- personnel information by salary level.

## **Additional tables**

### **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.

**Departmental infrastructure** refers to direct spending by a department on infrastructure assets which the department will own.

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

The Estimates of National Expenditure e-publications for individual votes also include the following tables:

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

This table shows the budgeted expenditure and the revised estimate for 2013/14 as well as the audited outcome for 2012/13.

### **Summary of expenditure on training**

Information is provided on the funds spent on training as a proportion of compensation of employees, and on 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.

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.

**Unitary charge or fee** refers to the total payment made to the private party for the provision of the various services.

**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.

**Project monitoring cost** is associated with the ongoing evaluation and monitoring of public private partnerships while in operation.

### **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 and technical cooperation.

The departmental **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 donated funds.

# Vote 1

## The Presidency

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	488.5	475.0	–	13.5	532.9	565.0
National Planning	113.4	110.7	–	2.7	97.7	112.1
National Youth Development Agency	408.2	–	408.2	–	422.6	444.9
International Marketing and Communication	167.7	–	167.7	–	175.7	185.0
<b>Subtotal</b>	<b>1 177.8</b>	<b>585.7</b>	<b>576.0</b>	<b>16.2</b>	<b>1 228.8</b>	<b>1 307.1</b>
<b>Direct charge against the National Revenue Fund</b>						
Salary of the President	3.0	3.0	–	–	3.1	3.3
<b>Total expenditure estimates</b>	<b>1 180.8</b>	<b>588.7</b>	<b>576.0</b>	<b>16.2</b>	<b>1 232.0</b>	<b>1 310.3</b>

Executive authority Minister in the Presidency: Performance Monitoring and Evaluation as well as Administration

Accounting officer Director General in the Presidency

Website address [www.thepresidency.gov.za](http://www.thepresidency.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Facilitate a common programme towards the achievement of the electoral mandate and the enhanced integrity of the State through considered planning, coordination, oversight, mobilisation and support.*

### Mandate

The mandate of the Presidency is to support the president, the deputy president and other political principals within the Presidency to execute their responsibilities, as outlined in the Constitution and the programme of government, in order to achieve excellence in governance and to provide leadership to the state and society.

### Strategic goals

The Presidency's strategic objectives over the medium term are to:

- lead in integrated planning and in the performance monitoring and oversight of government policies and programmes
- support the president and deputy president in exercising their constitutional responsibilities and duties to promote national unity and social cohesion
- support the president and deputy president in their duties to strengthen regional integration, enhance peace and security, and promote South Africa's role in the international arena.

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide effective leadership, strategic management and administrative support services to the principals and the branches of the Presidency in fulfilment of the Presidency's mission and mandate.

## Programme 2: National Planning

**Purpose:** Develop the country's long term vision and national strategic plan and contribute towards better outcomes in government through better planning, better long term plans, greater policy coherence and clear articulation of long term goals and aspirations.

## Programme 3: National Youth Development Agency

**Purpose:** Facilitate the transfer of funds to the National Youth Development Agency to allow the agency to initiate, implement, facilitate and monitor youth development interventions aimed at reducing youth unemployment and promoting social cohesion.

## Programme 4: International Marketing and Communication

**Purpose:** Facilitate the transfer of funds to Brand South Africa to develop and implement an international marketing and communication strategy for South Africa to contribute to job creation and poverty reduction, and attract inward investment, trade and tourism.

## Selected performance indicators

**Table 1.1 The Presidency**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Implementation of Vision 2030 and national development plan	National Planning	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair, and inclusive citizenship	- <sup>1</sup>	Diagnostic review initiated and conducted to inform the development of Vision 2030 and national development plan	National development plan and Vision 2030 adopted by Cabinet	Broad consultations held for the propagation of the national development plan across national and provincial departments, various sectors, business and non-governmental organisations to facilitate ideas and determine the role of all stakeholders	2 national development plan pilot projects implemented	2 national development plan pilot projects implemented	2 national development plan pilot projects implemented
Number of sector research reports, and reports on major and cross-cutting macro-social implications developed per year	National Planning		- <sup>1</sup>	- <sup>1</sup>	3	2	8	8	8
Number of households surveyed on income, consumption and expenditure in the national income dynamics study	National Planning		9 600	- <sup>2</sup>	10 500	- <sup>2</sup>	12 500	- <sup>2</sup>	13 000

1. No historical data as the indicator was introduced in 2011/12.

2. The national income dynamics survey is conducted every 2 years.

## The national development plan

The National Planning Commission and the Department of Performance Monitoring and Evaluation lead government's implementation of the national development plan's Vision 2030. As such the two departments have been tasked with the formulation of the medium term strategic framework 2014-19 on behalf of the Presidency. The medium term strategic framework 2014-19, a major deliverable of the national development plan, was submitted to Cabinet for consideration in 2013/14. The framework identifies critical actions to be

undertaken during 2014-2019 to put the country on a positive trajectory towards the achievement of the plan's goals by 2030.

The Presidency's specific contributions to the medium term strategic framework relate to the following actions and outcomes: undertaking periodic regulatory impact reviews; providing advice and support to regulatory authorities and Cabinet; reviewing the national spatial and human settlements planning system; strengthening regional integration and cooperation; participating in global governance reforms; increasing advocacy for and awareness about the moral regeneration movement and the charter of good values; contributing towards the development of performance management standards and career development systems for national and provincial head of departments; and contributing towards stabilising the political-administrative interface through the hybrid approach to making top appointments, which ensures the right balance of professionalism and political accountability.

The Presidency also provides technical support to clusters in relation to the implementation of the medium term strategic framework; ensures that departments' mandates are aligned and that various implementation programmes prioritise the objectives and stated outcomes of the plan. Further; it monitors progress and contributions made by all stakeholders of the plan; and coordinates and supports the implementation of sector specific pilot projects related to the plan. The Presidency also facilitates and supports the formation of partnerships linked to the national development plan.

## Expenditure estimates

Table 1.2 The Presidency

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth Rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
Administration	340.1	394.7	368.8	462.4	462.4	10.8%	38.9%	488.5	532.9	565.0	6.9%	42.5%
National Planning	49.4	69.6	72.6	77.3	77.3	16.1%	6.7%	113.4	97.7	112.1	13.2%	8.3%
National Youth Development Agency	399.0	374.7	385.9	392.7	392.7	-0.5%	38.6%	408.2	422.6	444.9	4.2%	34.6%
International Marketing and Communication	170.1	140.1	154.8	160.4	160.4	-1.9%	15.5%	167.7	175.7	185.0	4.9%	14.3%
<b>Subtotal</b>	<b>958.7</b>	<b>979.1</b>	<b>982.1</b>	<b>1 092.9</b>	<b>1 092.9</b>	<b>4.5%</b>	<b>99.7%</b>	<b>1 177.8</b>	<b>1 228.8</b>	<b>1 307.1</b>	<b>6.1%</b>	<b>99.7%</b>
<b>Direct charge against the National Revenue Fund</b>	<b>4.0</b>	<b>4.0</b>	<b>2.6</b>	<b>2.8</b>	<b>2.8</b>	<b>-10.8%</b>	<b>0.3%</b>	<b>3.0</b>	<b>3.1</b>	<b>3.3</b>	<b>5.3%</b>	<b>0.3%</b>
Salary of the President	2.1	2.9	2.6	2.8	2.8	10.0%	0.3%	3.0	3.1	3.3	5.3%	0.3%
Salary of the Deputy President	1.8	1.1	-	-	-	-100.0%	0.1%	-	-	-	-	-
<b>Total</b>	<b>962.6</b>	<b>983.1</b>	<b>984.7</b>	<b>1 095.7</b>	<b>1 095.7</b>	<b>4.4%</b>	<b>100.0%</b>	<b>1 180.8</b>	<b>1 232.0</b>	<b>1 310.3</b>	<b>6.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-	-			25.8	15.5	25.2		
<b>Economic classification</b>												
<b>Current payments</b>	<b>381.2</b>	<b>462.4</b>	<b>435.0</b>	<b>523.3</b>	<b>523.3</b>	<b>11.1%</b>	<b>44.8%</b>	<b>588.7</b>	<b>618.1</b>	<b>663.9</b>	<b>8.3%</b>	<b>49.7%</b>
Compensation of employees	210.2	235.6	263.0	300.0	300.0	12.6%	25.1%	334.6	352.4	371.9	7.4%	28.2%
Goods and services	171.0	226.8	172.0	223.4	223.4	9.3%	19.7%	254.1	265.7	292.1	9.3%	21.5%
of which:												
Communication	19.1	19.5	15.2	18.6	18.6	-1.0%	1.8%	20.1	20.9	23.6	8.3%	1.7%
Computer services	9.6	11.8	9.3	9.5	9.5	-0.4%	1.0%	11.5	12.7	13.3	11.9%	1.0%
Consultants and professional services: Business and advisory services	31.1	62.1	45.1	35.5	35.5	4.5%	4.3%	66.5	55.5	69.0	24.8%	4.7%
Travel and subsistence	59.6	78.8	58.1	101.4	101.4	19.4%	7.4%	94.4	110.4	118.3	5.3%	8.8%
<b>Transfers and subsidies</b>	<b>569.5</b>	<b>515.5</b>	<b>541.0</b>	<b>553.5</b>	<b>553.5</b>	<b>-0.9%</b>	<b>54.1%</b>	<b>576.0</b>	<b>598.4</b>	<b>630.0</b>	<b>4.4%</b>	<b>48.9%</b>
Provinces and municipalities	0.0	0.0	0.0	0.0	0.0	65.1%	0.0%	0.0	0.0	0.0	-17.8%	0.0%
Departmental agencies and accounts	569.1	514.8	540.6	553.2	553.2	-0.9%	54.1%	576.0	598.3	630.0	4.4%	48.9%
Non-profit institutions	-	-	0.1	-	-		0.0%	-	-	-		
Households	0.4	0.6	0.3	0.3	0.3	-10.4%	0.0%	-	-	-	-100.0%	0.0%
<b>Payments for capital assets</b>	<b>11.9</b>	<b>4.6</b>	<b>6.7</b>	<b>18.9</b>	<b>18.9</b>	<b>16.6%</b>	<b>1.0%</b>	<b>16.2</b>	<b>15.5</b>	<b>16.4</b>	<b>-4.7%</b>	<b>1.4%</b>
Machinery and equipment	11.9	4.6	6.7	18.7	18.7	16.2%	1.0%	16.2	15.5	16.4	-4.3%	1.4%
Software and other intangible assets	-	-	0.0	0.2	0.2		0.0%	-	-	-	-100.0%	0.0%
<b>Payments for financial assets</b>	<b>-</b>	<b>0.6</b>	<b>1.9</b>	<b>-</b>	<b>-</b>		<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total</b>	<b>962.6</b>	<b>983.1</b>	<b>984.7</b>	<b>1 095.7</b>	<b>1 095.7</b>	<b>4.4%</b>	<b>100.0%</b>	<b>1 180.8</b>	<b>1 232.0</b>	<b>1 310.3</b>	<b>6.1%</b>	<b>100.0%</b>

## Personnel information

Table 1.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>The Presidency</b>																			
Salary level	750	77	682	263.0	0.4	727	300.0	0.4	748	334.6	0.4	748	352.4	0.5	748	371.9	0.5	1.0%	100.0%
1 – 6	308	47	281	44.0	0.2	294	51.0	0.2	304	55.8	0.2	304	58.7	0.2	304	61.9	0.2	1.1%	40.6%
7 – 10	211	6	204	63.1	0.3	216	73.7	0.3	212	78.0	0.4	212	82.2	0.4	212	86.7	0.4	-0.6%	28.7%
11 – 12	113	2	104	58.8	0.6	110	68.1	0.6	114	74.5	0.7	114	78.5	0.7	114	82.8	0.7	1.2%	15.2%
13 – 16	116	22	92	94.4	1.0	106	104.4	1.0	117	123.3	1.1	117	129.8	1.1	117	137.1	1.2	3.3%	15.4%
Other	2	–	1	2.6	2.6	1	2.8	2.8	1	3.0	3.0	1	3.1	3.1	1	3.3	3.3	–	0.1%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on continuing to: provide finance, human resources, IT and other corporate services to the department; provide administrative support to the president, deputy president, ministers and deputy ministers; monitor the implementation of the national development plan; conduct the fourth wave of the longitudinal study of national income dynamics; and conduct other specific research linked to the national development plan. To this end, the bulk of the allocation over the medium term, excluding the transfers to the department's public entities, is directed towards spending in the *Administration* and *National Planning* programmes, mainly for spending on compensation of employees and travel and subsistence.

In addition, the *National Planning* programme expects to make significant use of consultants over the medium term. These consultants will conduct research and produce reports and discussion papers on sectoral and cross cutting issues that affect long term development, review the national spatial and human settlements planning system, and conduct the national income dynamics survey. As a result, expenditure on consultants and professional services is expected to increase significantly over the medium term.

The department receives Cabinet approved additional allocations of R30 million in 2014/15, R20 million in 2015/16 and R30 million in 2016/17 for the national income dynamics survey. As at 30 November 2013, the department had 52 vacant posts, mainly in the *Administration* programme. The vacancies were due to normal attrition, the length of time it takes to finalise the recruitment and selection process, and the unpredictable nature of pre-employment security screening. Cabinet has also approved reductions of R13.6 million over the medium term, which are to be effected on spending on non-core goods and services items and the transfer payment to the National Youth Development Agency.

## Departmental receipts

Table 1.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	<b>586</b>	<b>2 413</b>	<b>8 952</b>	<b>781</b>	<b>876</b>	<b>14.3%</b>	<b>100.0%</b>	<b>901</b>	<b>925</b>	<b>950</b>	<b>2.7%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>252</b>	<b>192</b>	<b>247</b>	<b>265</b>	<b>301</b>	<b>6.1%</b>	<b>7.7%</b>	<b>350</b>	<b>368</b>	<b>385</b>	<b>8.6%</b>	<b>38.4%</b>
Sales by market establishments	-	115	247	155	187	-	4.3%	234	247	260	11.6%	25.4%
of which:												
Rental dwellings	-	115	247	80	141	-	3.9%	154	162	170	6.4%	17.2%
Rental parking: Covered and open	-	-	-	75	46	-	0.4%	80	85	90	25.1%	8.2%
Administration fees	-	1	-	-	-	-	-	-	-	-	-	-
of which:												
Rental dwellings	-	1	-	-	-	-	-	-	-	-	-	-
Other sales	252	76	-	110	114	-23.2%	3.4%	116	121	125	3.1%	13.0%
of which:												
Services rendered: Commission on insurance and garnishees	252	76	-	110	102	-26.0%	3.4%	116	121	125	7.0%	12.7%
Services rendered: Transport Fees	-	-	-	-	12	-	0.1%	-	-	-	-100.0%	0.3%
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which:												
Sales: Waste paper	-	-	-	3	-	-	-	-	-	-	-	-
<b>Interest, dividends and rent on land</b>	<b>16</b>	<b>3</b>	<b>12</b>	<b>10</b>	<b>7</b>	<b>-24.1%</b>	<b>0.3%</b>	<b>11</b>	<b>12</b>	<b>15</b>	<b>28.9%</b>	<b>1.2%</b>
Interest	16	3	12	10	7	-24.1%	0.3%	11	12	15	28.9%	1.2%
<b>Sales of capital assets</b>	<b>140</b>	<b>24</b>	<b>217</b>	<b>337</b>	<b>342</b>	<b>34.7%</b>	<b>5.6%</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>-4.3%</b>	<b>34.0%</b>
<b>Transactions in financial assets and liabilities</b>	<b>178</b>	<b>2 194</b>	<b>8 476</b>	<b>166</b>	<b>226</b>	<b>8.3%</b>	<b>86.3%</b>	<b>240</b>	<b>245</b>	<b>250</b>	<b>3.4%</b>	<b>26.3%</b>
<b>Total</b>	<b>586</b>	<b>2 413</b>	<b>8 952</b>	<b>781</b>	<b>876</b>	<b>14.3%</b>	<b>100.0%</b>	<b>901</b>	<b>925</b>	<b>950</b>	<b>2.7%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 1.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Ministry	33.7	35.7	26.2	33.1	-0.6%	8.2%	35.5	41.0	43.2	9.2%	7.5%
Management	215.6	219.0	231.6	303.8	12.1%	61.9%	311.9	337.2	358.0	5.6%	64.0%
Support Services to President	35.7	50.1	49.9	54.7	15.3%	12.2%	64.3	71.0	75.8	11.4%	13.0%
Support Services to Deputy President	27.0	33.9	34.9	47.0	20.3%	9.1%	51.6	57.0	60.1	8.5%	10.5%
Cabinet Services	17.8	18.1	17.9	23.8	10.2%	4.9%	25.2	26.6	28.0	5.7%	5.1%
Commission on State Owned Enterprises	10.3	38.1	8.4	-	-100.0%	3.6%	-	-	-	-	-
<b>Total</b>	<b>340.1</b>	<b>394.7</b>	<b>368.8</b>	<b>462.4</b>	<b>10.8%</b>	<b>100.0%</b>	<b>488.5</b>	<b>532.9</b>	<b>565.0</b>	<b>6.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				0.3			(1.2)	(1.3)	(1.4)		
<b>Economic Classification</b>											
<b>Current payments</b>	<b>328.6</b>	<b>388.9</b>	<b>359.9</b>	<b>444.8</b>	<b>10.6%</b>	<b>97.2%</b>	<b>475.0</b>	<b>518.4</b>	<b>549.7</b>	<b>7.3%</b>	<b>97.0%</b>
Compensation of employees	187.5	213.7	240.3	272.2	13.2%	58.3%	302.2	318.5	335.8	7.3%	60.0%
Goods and services	141.0	175.2	119.6	172.6	7.0%	38.8%	172.8	199.9	213.9	7.4%	37.1%
of which:											
Communication	18.3	19.0	14.7	17.8	-0.9%	4.5%	18.5	20.0	22.7	8.3%	3.9%
Computer services	9.6	11.7	8.7	8.0	-6.0%	2.4%	10.6	11.2	11.9	14.2%	2.0%
Consultants and professional services: Business and advisory services	11.5	28.8	8.7	7.1	-14.9%	3.6%	15.0	16.7	18.3	37.2%	2.8%
Travel and subsistence	52.3	68.2	49.3	86.5	18.3%	16.4%	76.7	93.6	98.2	4.3%	17.3%
<b>Transfers and subsidies</b>	<b>0.4</b>	<b>0.7</b>	<b>0.2</b>	<b>0.3</b>	<b>-9.4%</b>	<b>0.1%</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>-39.9%</b>	<b>-</b>
Provinces and municipalities	0.0	0.0	0.0	0.0	35.7%	-	-	-	-	-100.0%	-
Departmental agencies and accounts	-	-	-	0.0	-	-	0.0	0.1	0.1	33.6%	-
Households	0.4	0.6	0.2	0.3	-12.6%	0.1%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>11.2</b>	<b>4.5</b>	<b>6.7</b>	<b>17.4</b>	<b>15.9%</b>	<b>2.5%</b>	<b>13.5</b>	<b>14.5</b>	<b>15.3</b>	<b>-4.2%</b>	<b>3.0%</b>
Machinery and equipment	11.2	4.5	6.7	17.2	15.4%	2.5%	13.5	14.5	15.3	-3.8%	2.9%
Software and other intangible assets	-	-	0.0	0.2	-	-	-	-	-	-100.0%	-
<b>Payments for financial assets</b>	<b>-</b>	<b>0.6</b>	<b>1.9</b>	<b>-</b>	<b>-</b>	<b>0.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>340.1</b>	<b>394.7</b>	<b>368.8</b>	<b>462.4</b>	<b>10.8%</b>	<b>100.0%</b>	<b>488.5</b>	<b>532.9</b>	<b>565.0</b>	<b>6.9%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	35.5%	40.3%	37.6%	42.3%			41.5%	43.4%	43.2%		

## Personnel information

**Table 1.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Administration																			
Salary level	712	64	654	240.3	0.4	694	272.2	0.4	711	302.2	0.4	711	318.5	0.4	711	335.8	0.5	0.8%	100.0%
1 – 6	307	47	281	44.0	0.2	293	50.8	0.2	303	55.5	0.2	303	58.5	0.2	303	61.7	0.2	1.1%	42.5%
7 – 10	204	5	198	60.6	0.3	209	70.9	0.3	205	75.1	0.4	205	79.1	0.4	205	83.4	0.4	-0.6%	29.1%
11 – 12	109	1	100	57.3	0.6	106	65.8	0.6	110	72.1	0.7	110	76.0	0.7	110	80.1	0.7	1.2%	15.4%
13 – 16	92	11	75	78.4	1.0	86	84.7	1.0	93	99.5	1.1	93	104.9	1.1	93	110.6	1.2	2.6%	12.9%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing administrative support to the president, deputy president, ministers and deputy ministers, and supporting Cabinet and its structures to ensure the fulfilment of the Presidency's mandate and mission. To this end, the bulk of this programme's allocation over the medium term is spent on compensation of the employees who provide these services in the *Management and Support Services to President* subprogrammes. The programme is supported by a funded establishment of 712 posts, of which 694, including interns and contract workers, are filled and 43 were vacant at the end of November 2013. These posts are vacant due to normal attrition and the length of time it takes to finalise the recruitment process. 18 of the vacant posts are in the process of being filled, while the rest are set to be filled over the medium term. The programme's personnel numbers are expected to grow from 694 to 711 over the medium term to support the department's expanded mandate, which is the reason for the projected increase in expenditure on compensation of employees over the same period.

Spending on travel and subsistence over the medium term is a significant item and is aligned with the president's diplomatic and national programme, which includes state visits abroad, involvement in mediation processes, participation in international forums and obligations related to his leadership role in initiatives such as the presidential Siyahlola service delivery monitoring programme. Spending on communication over the medium term is set to increase as the department improves its ability to fulfil its coordination responsibilities between the executive authority and Cabinet by implementing a secure electronic document, information and communication management system for government in 2014/15.

## Programme 2: National Planning

### Objectives

- Improve long term planning and development to ensure the achievement of Vision 2030 by:
  - ensuring implementation of the national development plan, by various stakeholders through partnerships and collaboration on specific initiatives by different sectors annually
  - leading the development of the medium term strategic framework 2014-2019 and its programme of action by setting planning standards and performing quality assurance systems processes on an ongoing basis
  - advising on the sequencing of policies over the next 20 years to achieve government's goals within its means
  - coordinating pilot projects or incubation programmes, such as the health pilot laboratory, which relate to specific proposals of the national development plan
  - improving the oversight role over the planning cycle and integrated planning of government, supporting presidential councils and commissions, and reviewing the sectoral priorities and departmental plans annually.

- Advise government on the implementation of the national development plan and work together with the Department of Performance Monitoring and Evaluation to turn the plan into targets that are to be incorporated into the performance and delivery agreements annually.
- Assess the implementation of the national development plan, review and refine the plan periodically and report on it annually.
- Support the implementation of the national development plan by producing, on a continual basis, cross-cutting sectoral reports on matters that are likely to impact on the nation's long term development path.
- Monitor the level of human development and poverty transitions by conducting a longitudinal study of national income dynamics every two years.

## Subprogrammes

- *Ministry* oversees the development of South Africa's long term vision and national development plan, and contributes to improving outcomes in government through improved planning and long term plans, greater policy coherence and clearly articulated long term goals and aspirations on an ongoing basis. This subprogramme had a staff complement of 9 in 2013/14.
- *Research and Policy Services* manages and facilitates research and policy processes on long term developmental issues, and provides technical support to the National Planning Commission. This entails producing reports and discussion papers on identified cross-cutting issues that affect long term development; reviewing sector plans to ensure alignment with the national development plan; and providing advice to departments on areas where policies, operational plans and implementation strategies need to be improved. In 2013/14, 2 research reports are planned, while over the medium term, 24 reports will be published. This subprogramme had a staff complement of 15 in 2013/14.
- *Communication and Public Participation* provides ongoing support services to the National Planning Commission and its secretariat. This entails providing financial management and communication services, human resources management and development services, supply chain and logistical services, ICT services, legal advice, and contract management services. This subprogramme had a staff complement of 5 in 2013/14.

## Expenditure estimates

**Table 1.7 National Planning**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
National Planning Commission: Ministry	47.7	54.7	27.8	36.1	-8.8%	61.8%	47.7	45.2	49.7	11.2%	44.6%
Research and Policy Services	1.7	10.1	40.3	34.4	171.2%	32.2%	55.6	41.9	53.2	15.7%	46.2%
Communication and Public Participation	0.1	4.8	4.5	6.8	372.0%	6.0%	10.1	10.6	9.2	10.5%	9.2%
<b>Total</b>	<b>49.4</b>	<b>69.6</b>	<b>72.6</b>	<b>77.3</b>	<b>16.1%</b>	<b>100.0%</b>	<b>113.4</b>	<b>97.7</b>	<b>112.1</b>	<b>13.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(0.3)			30.0	20.0	30.0		
<b>Economic classification</b>											
<b>Current payments</b>	<b>48.7</b>	<b>69.6</b>	<b>72.4</b>	<b>75.8</b>	<b>15.9%</b>	<b>99.1%</b>	<b>110.7</b>	<b>96.6</b>	<b>111.0</b>	<b>13.6%</b>	<b>98.4%</b>
Compensation of employees	18.7	17.9	20.0	25.0	10.2%	30.3%	29.4	30.8	32.8	9.5%	29.5%
Goods and services	30.0	51.7	52.4	50.8	19.2%	68.7%	81.2	65.8	78.2	15.5%	68.9%
of which:											
Communication	0.8	0.5	0.4	0.7	-2.8%	0.9%	1.6	0.9	0.9	8.2%	1.0%
Computer services	0.0	0.1	0.7	1.5	1049.5%	0.8%	0.9	1.5	1.4	-2.5%	1.3%
Consultants and professional services: Business and advisory services	19.7	33.3	36.5	28.5	13.1%	43.8%	51.5	38.8	50.8	21.3%	42.3%
Travel and subsistence	7.4	10.5	8.8	14.9	26.6%	15.5%	17.7	16.8	20.1	10.5%	17.4%
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>38.7%</b>	<b>0.1%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-46.1%</b>	<b>-</b>
Non-profit institutions	-	-	0.1	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.7</b>	<b>0.0</b>	<b>0.0</b>	<b>1.5</b>	<b>27.1%</b>	<b>0.9%</b>	<b>2.7</b>	<b>1.1</b>	<b>1.1</b>	<b>-10.8%</b>	<b>1.6%</b>
Machinery and equipment	0.7	0.0	0.0	1.5	27.1%	0.9%	2.7	1.1	1.1	-10.8%	1.6%
<b>Total</b>	<b>49.4</b>	<b>69.6</b>	<b>72.6</b>	<b>77.3</b>	<b>16.1%</b>	<b>100.0%</b>	<b>113.4</b>	<b>97.7</b>	<b>112.1</b>	<b>13.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>5.2%</b>	<b>7.1%</b>	<b>7.4%</b>	<b>7.1%</b>			<b>9.6%</b>	<b>7.9%</b>	<b>8.6%</b>		

## Personnel information

**Table 1.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number						
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)					
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17				
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost	
<b>National Planning</b>		36	13	27	20.0	0.7	32	25.0	0.8	36	29.4	0.8	36	30.8	0.9	36	32.8	0.9	4.0%	100.0%
Salary level																				
1 – 6	1	–	–	–	–	–	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.3	0.3	–	2.9%
7 – 10	7	1	6	2.6	0.4	7	2.8	0.4	7	3.0	0.4	7	3.1	0.4	7	3.3	0.5	–	20.0%	
11 – 12	4	1	4	1.5	0.4	4	2.3	0.6	4	2.5	0.6	4	2.6	0.6	4	2.7	0.7	–	11.4%	
13 – 16	24	11	17	15.9	0.9	20	19.7	1.0	24	23.8	1.0	24	24.9	1.0	24	26.5	1.1	6.3%	65.7%	

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on advising national, provincial and local government and other stakeholders on the implementation of the national development plan. The department will do this by ensuring that sectoral priorities and departmental plans are aligned with the macro imperatives of the plan, which are further articulated in the medium term strategic framework 2014-2019. To achieve this objective, the department over the medium term plans to conduct 24 sectoral research projects on unemployment, child poverty, food security, and energy and water security, provide technical assistance to different government spheres and sectors in the production of detailed programme plans, convene inclusive stakeholder processes to facilitate implementation partnerships, and establish systems to track the implementation progress of the national development plan. In addition, the department plans to conduct the fourth wave of the national income dynamics study over the medium term.

Consequently, the *Ministry* and *Research and Policy Services* subprogrammes account for the bulk of expenditure over the medium term, most of which is allocated to compensation of employees and consultants and professional services. The *Ministry* subprogramme provides strategic support and oversight on the work undertaken in this programme, while the *Research and Policy Services* subprogramme will conduct the review of the national spatial and human settlements planning system and the national income dynamics survey. The planning and fieldwork for the survey is under way and the survey is scheduled to begin in 2014/15, during which time 12 500 households are expected to participate. R30 million in 2014/15, R20 million in 2015/16 and R30 million in 2016/17 has been allocated in the 2014 Budget for the survey, which is expected to significantly increase expenditure on consultants for business and advisory services over the medium term.

At the end of November 2013, the programme had 36 posts on its establishment, of which 9 were vacant due to natural attrition. The department has reprioritised funds from expenditure from goods and services to compensation of employees, and this will enable the department to make 4 new appointments in the *Research and Policy Services* and *Ministry* subprogrammes

## Programme 3: National Youth Development Agency

### Objectives

- Champion the development and implementation of the youth development policy in government by:
  - monitoring and evaluating government youth development programmes in South Africa continually
  - making transfers to the National Youth Development Agency annually.
- Oversee the work of the National Youth Development Agency by analysing its strategic and annual performance plans and quarterly reports on an ongoing basis.

## Subprogramme

- *National Youth Development Agency* transfers funds to the National Youth Development Agency, which initiates, implements, facilitates and monitors youth development interventions aimed at reducing youth unemployment and promoting social cohesion. This subprogramme's total budget is transferred in full to the agency.

## Expenditure estimates

**Table 1.9 National Youth Development Agency**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
National Youth Development Agency	399.0	374.7	385.9	392.7	-0.5%	100.0%	408.2	422.6	444.9	4.2%	100.0%
<b>Total</b>	<b>399.0</b>	<b>374.7</b>	<b>385.9</b>	<b>392.7</b>	<b>-0.5%</b>	<b>100.0%</b>	<b>408.2</b>	<b>422.6</b>	<b>444.9</b>	<b>4.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			(3.0)	(3.2)	(3.4)		
<b>Economic classification</b>											
<b>Transfers and subsidies</b>	<b>399.0</b>	<b>374.7</b>	<b>385.9</b>	<b>392.7</b>	<b>-0.5%</b>	<b>100.0%</b>	<b>408.2</b>	<b>422.6</b>	<b>444.9</b>	<b>4.2%</b>	<b>100.0%</b>
Departmental agencies and accounts	399.0	374.7	385.9	392.7	-0.5%	100.0%	408.2	422.6	444.9	4.2%	100.0%
<b>Total</b>	<b>399.0</b>	<b>374.7</b>	<b>385.9</b>	<b>392.7</b>	<b>-0.5%</b>	<b>100.0%</b>	<b>408.2</b>	<b>422.6</b>	<b>444.9</b>	<b>4.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>		<b>38.3%</b>	<b>39.3%</b>	<b>35.9%</b>			<b>34.7%</b>	<b>34.4%</b>	<b>34.0%</b>		
<b>Details of selected transfers and subsidies</b>											
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
<b>Current</b>	<b>399.0</b>	<b>374.7</b>	<b>385.9</b>	<b>392.7</b>	<b>-0.5%</b>	<b>100.0%</b>	<b>408.2</b>	<b>422.6</b>	<b>444.9</b>	<b>4.2%</b>	<b>100.0%</b>
National Youth Development Agency	399.0	374.7	385.9	392.7	-0.5%	100.0%	408.2	422.6	444.9	4.2%	100.0%

## Expenditure trends

The spending focus over the medium term is on making transfers to the National Youth Development Agency to allow it to initiate, implement, facilitate and monitor youth development interventions aimed at reducing youth unemployment and promoting social cohesion. The programme's entire allocation is transferred to the agency.

Expenditure increases from R399 million in 2010/11 to R444.9 million in 2016/17 to provide funding for national youth development programmes. This is offset by a cut of the transfer to the agency of R9.6 million over the medium term, which gives effect to some of the Cabinet approved budget reductions.

## Programme 4: International Marketing and Communication

### Objectives

- Oversee the implementation of a proactive branding, marketing and communication strategy for South Africa by transferring funds to Brand South Africa for the development of a branding framework and programme over the medium term.
- Oversee the work of Brand South Africa by analysing its strategic and annual performance plans and quarterly reports on an ongoing basis.

### Subprogrammes

- *Brand South Africa* facilitates the transfer of funds to Brand South Africa (previously known as the International Marketing Council of South Africa) for the agency to develop and implement a proactive marketing and communication strategy to promote South Africa and increase the country's global presence in order to attract targeted international trade, investment and tourism markets. The subprogramme's total budget is transferred in full to Brand South Africa.

## Expenditure estimates

**Table 1.10 International Marketing and Communication**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Brand South Africa	170.1	140.1	154.8	160.4	-1.9%	100.0%	167.7	175.7	185.0	4.9%	100.0%
<b>Total</b>	<b>170.1</b>	<b>140.1</b>	<b>154.8</b>	<b>160.4</b>	<b>-1.9%</b>	<b>100.0%</b>	<b>167.7</b>	<b>175.7</b>	<b>185.0</b>	<b>4.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			-	-	-		
<b>Economic classification</b>											
Transfers and subsidies	170.1	140.1	154.8	160.4	-1.9%	100.0%	167.7	175.7	185.0	4.9%	100.0%
Departmental agencies and accounts	170.1	140.1	154.8	160.4	-1.9%	100.0%	167.7	175.7	185.0	4.9%	100.0%
<b>Total</b>	<b>170.1</b>	<b>140.1</b>	<b>154.8</b>	<b>160.4</b>	<b>-1.9%</b>	<b>100.0%</b>	<b>167.7</b>	<b>175.7</b>	<b>185.0</b>	<b>4.9%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	17.7%	14.3%	15.8%	14.7%			14.2%	14.3%	14.2%		
<b>Details of selected transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
Current	170.1	140.1	154.8	160.4	-1.9%	100.0%	167.7	175.7	185.0	4.9%	100.0%
Brand South Africa	170.1	140.1	154.8	160.4	-1.9%	100.0%	167.7	175.7	185.0	4.9%	100.0%

## Expenditure trends

The spending focus over the medium term will be on making transfers to Brand South Africa to develop and implement an international marketing and communication strategy for South Africa. The strategy aims to contribute to job creation and poverty reduction, and attract investment, trade and tourism. Transfer payments to the entity increase across the seven-year period as a result of inflation related adjustments to expenditure.

## Public entities and other agencies

- **Brand South Africa** develops and implements a proactive and coordinated international marketing and communication strategy for South Africa to contribute to job creation and poverty reduction, and to attract inward investment, trade and tourism. The organisation's total budget for 2014/15 is R167.7 million.
- **The National Youth Development Agency** was established in 2009 through the merger of the National Youth Commission and the Umsobomvu Youth Fund. Its main role is to initiate, implement, facilitate and monitor youth development interventions aimed at reducing youth unemployment and promoting social cohesion. The agency's total budget for 2014/15 is R408.2 million.

# Vote 2

## Parliament

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	442.0	438.6	–	3.4	465.7	492.4
Legislation and Oversight	361.2	361.2	–	–	387.3	411.8
Public and International Participation	132.6	132.6	–	–	142.7	150.9
Members' Facilities	223.9	223.9	–	–	234.2	247.6
Associated Services	348.5	–	348.5	–	364.5	385.5
<b>Subtotal</b>	<b>1 508.2</b>	<b>1 156.3</b>	<b>348.5</b>	<b>3.4</b>	<b>1 594.3</b>	<b>1 688.2</b>
<b>Direct charge against the National Revenue Fund</b>						
Members' remuneration	481.0	481.0	–	–	503.1	529.8
<b>Total expenditure estimates</b>	<b>1 989.2</b>	<b>1 637.3</b>	<b>348.5</b>	<b>3.4</b>	<b>2 097.5</b>	<b>2 218.0</b>

Executive authority National Assembly and Chairperson of the National Council of Provinces

Accounting officer Secretary to Parliament

Website address [www.parliament.gov.za](http://www.parliament.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Provide the support services required by Parliament to fulfil its constitutional functions, assist political parties represented in Parliament to secure administrative support and service constituents, and provide members of Parliament with the necessary facilities.*

### Mandate

The mandate of Parliament is based on the provisions of chapter 4 in the Constitution, which establishes Parliament and sets out the functions it performs. Parliament is elected to represent the people, to ensure government by the people under the Constitution, and to represent the provinces in the national sphere of government. It does this by electing the president, providing a national forum for the public consideration of issues, passing legislation, and scrutinising and overseeing executive action.

### Strategic goals

Parliament's ongoing strategic goals are to:

- increase representation, openness and accountability in government by strengthening the oversight function and the passing of legislation
- enhance public involvement and participation in government policies and programmes by increasing the number of public education programmes and improving access to information
- enhance co-operative governance through improved oversight
- increase representation in the international sphere by improving and widening the role of Parliament enhance the effectiveness and efficiency of Parliament.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide strategic leadership, institutional policy, overall management, and administrative and corporate services for Parliament's executive, management and staff.

### Programme 2: Legislation and Oversight

**Purpose:** Provide procedural and administrative services for Parliament to carry out its core functions. Pass legislation and oversee executive action.

### Programme 3: Public and International Participation

**Purpose:** Carry out Parliament's role in public and international participation, and provide support for these activities.

### Programme 4: Members' Facilities

**Purpose:** Provide telephone, travel and other facilities for members of Parliament in the National Assembly and the National Council of Provinces.

### Programme 5: Associated Services

**Purpose:** Provide financial support to political parties represented in Parliament, and to their leaders and constituency offices.

## Selected performance indicators

Table 2.1 Parliament

Indicator	Programme	Past			Current	Projections		
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of bills passed per year	Legislation and Oversight	26	18	14	23	20	22	22
Number of questions put to the executive per year	Legislation and Oversight	3 220	3 154	1 644	3 824	4 244	4 444	4 444
Number of annual reports tabled and scrutinised by committees per year	Legislation and Oversight	189	220	11	220	225	233	233
Number of oversight visits undertaken by committees per year	Legislation and Oversight	44	50	20	60	35	43	43
Number of debates held for the public consideration of issues per year	Public and International Participation	104	110	81	125	130	150	150
Number of visitors to Parliament per year	Public and International Participation	18 253	27 245	8 581	47 521	52 321	25 650	25 650
Number of international agreements adopted per year	Public and International Participation	25	21	2	42	40	25	25

## Expenditure estimates

Table 2.2 Parliament

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2010/11 - 2013/14	2014/15		
R million												
Administration	368.9	327.5	366.8	409.7	409.7	3.6%	22.1%	442.0	465.7	492.4	6.3%	22.1%
Legislation and Oversight	264.4	298.4	330.6	347.5	347.5	9.5%	18.6%	361.2	387.3	411.8	5.8%	18.4%
Public and International Participation	118.7	109.4	98.1	119.9	119.9	0.3%	6.7%	132.6	142.7	150.9	8.0%	6.7%
Members' Facilities	169.5	181.8	191.1	211.2	211.2	7.6%	11.3%	223.9	234.2	247.6	5.4%	11.2%
Associated Services	277.4	297.6	311.4	331.1	331.1	6.1%	18.2%	348.5	364.5	385.5	5.2%	17.5%
<b>Subtotal</b>	<b>1 198.9</b>	<b>1 214.8</b>	<b>1 297.9</b>	<b>1 419.4</b>	<b>1 419.4</b>	<b>5.8%</b>	<b>76.8%</b>	<b>1 508.2</b>	<b>1 594.3</b>	<b>1 688.2</b>	<b>6.0%</b>	<b>75.9%</b>
<b>Direct charge against the National Revenue Fund</b>	<b>346.0</b>	<b>357.6</b>	<b>389.1</b>	<b>453.8</b>	<b>453.8</b>	<b>9.5%</b>	<b>23.2%</b>	<b>481.0</b>	<b>503.1</b>	<b>529.8</b>	<b>5.3%</b>	<b>24.1%</b>
Members' remuneration	346.0	357.6	389.1	453.8	453.8	9.5%	23.2%	481.0	503.1	529.8	5.3%	24.1%
<b>Total</b>	<b>1 545.0</b>	<b>1 572.4</b>	<b>1 687.0</b>	<b>1 873.1</b>	<b>1 873.1</b>	<b>6.6%</b>	<b>100.0%</b>	<b>1 989.2</b>	<b>2 097.5</b>	<b>2 218.0</b>	<b>5.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-	-			-	-	-		

Table 2.2 Parliament

Economic classification	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2014/15	2015/16	2016/17		
	R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	
<b>Current payments</b>	<b>1 226.5</b>	<b>1 254.0</b>	<b>1 372.7</b>	<b>1 538.1</b>	<b>1 538.1</b>	<b>7.8%</b>	<b>80.7%</b>	<b>1 637.3</b>	<b>1 729.4</b>	<b>1 828.8</b>	<b>5.9%</b>	<b>82.3%</b>
Compensation of employees	795.5	857.9	973.1	1 107.0	1 107.0	11.6%	55.9%	1 156.1	1 226.1	1 294.3	5.3%	58.5%
Goods and services	431.0	396.1	399.6	431.0	431.0	0.0%	24.8%	481.2	503.3	534.5	7.4%	23.8%
of which:												
Communication	25.5	18.8	16.8	33.5	33.5	9.5%	1.4%	37.5	39.2	41.4	7.3%	1.9%
Contractors	31.2	22.3	34.3	17.2	17.2	-18.0%	1.6%	20.8	21.8	23.0	10.2%	1.0%
Travel and subsistence	184.9	256.8	243.9	224.3	224.3	6.7%	13.6%	255.8	267.6	285.3	8.3%	12.6%
Operating payments	41.9	23.2	9.5	36.4	36.4	-4.6%	1.7%	48.5	50.7	53.6	13.8%	2.3%
<b>Transfers and subsidies</b>	<b>277.4</b>	<b>297.6</b>	<b>311.4</b>	<b>331.1</b>	<b>331.1</b>	<b>6.1%</b>	<b>18.2%</b>	<b>348.5</b>	<b>364.5</b>	<b>385.5</b>	<b>5.2%</b>	<b>17.5%</b>
Non-profit institutions	277.4	297.6	311.4	331.1	331.1	6.1%	18.2%	348.5	364.5	385.5	5.2%	17.5%
<b>Payments for capital assets</b>	<b>41.0</b>	<b>20.8</b>	<b>2.9</b>	<b>4.0</b>	<b>4.0</b>	<b>-54.0%</b>	<b>1.0%</b>	<b>3.4</b>	<b>3.6</b>	<b>3.8</b>	<b>-1.9%</b>	<b>0.2%</b>
Machinery and equipment	40.6	20.8	2.9	4.0	4.0	-53.9%	1.0%	3.4	3.6	3.8	-1.9%	0.2%
Software and other intangible assets	0.4	-	-	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Total</b>	<b>1 545.0</b>	<b>1 572.4</b>	<b>1 687.0</b>	<b>1 873.1</b>	<b>1 873.1</b>	<b>6.6%</b>	<b>100.0%</b>	<b>1 989.2</b>	<b>2 097.5</b>	<b>2 218.0</b>	<b>5.8%</b>	<b>100.0%</b>

## Personnel information

Table 2.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Parliament Salary level	Number of posts estimated for 31 March 2014	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
				Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost	
	1 523	-	-	1 316	973.1	0.7	1 403	1 107.0	0.8	1 403	1 156.1	0.8	1 403	1 226.1	0.9	1 403	1 296.5	0.9	-	100.0%
1 - 6	-	-	-	3	423.9	141.3	3	498.7	166.2	3	528.2	176.1	3	552.5	184.2	3	584.3	194.8	-	0.2%
7 - 10	899	-	-	965	299.1	0.3	888	263.5	0.3	888	271.9	0.3	888	291.1	0.3	888	308.1	0.3	-	63.3%
11 - 12	408	-	-	201	113.6	0.6	335	177.2	0.5	335	181.8	0.5	335	196.4	0.6	335	207.3	0.6	-	23.9%
13 - 16	216	-	-	147	136.5	0.9	177	167.6	0.9	177	174.2	1.0	177	186.0	1.1	177	196.8	1.1	-	12.6%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on: improving oversight between national, provincial and local government; increasing the number of activities aimed at improving public participation such as public hearings and the Taking Parliament to the People programme; increasing participation in international forums; improving the level of services rendered to members of Parliament; improving and upgrading the IT system; and preparing for the establishment of the fifth Parliament. To achieve these objectives, the bulk of Parliament's budget over the medium term is directed towards spending on compensation of the employees who perform these duties, in the *Administration, Legislation and Oversight*, and *Public and International Participation* programmes. This explains why expenditure on compensation of employees and travel and subsistence, mainly for members performing oversight visits and constituency work, comprises the bulk of the budget over the medium term. At the end of November 2013, Parliament had a staff complement of 1 403, and 120 posts were vacant due to normal attrition. Parliament plans to fill all vacancies over the medium term. The three programmes also use contractors and consultants who provide specialised professional services in areas such as language translation and interpretation. This explains the slight increase anticipated in spending on contractors and consultants over the medium term.

Over the medium term, Parliament plans to maintain the highest level of service on legal opinions provided by the constitutional and legal services office. In 2013, the constitutional and legal services office provided legal opinions on 199 bills, 160 contracts and 163 announcements, tablings and committees.

Expenditure is expected to increase at an average annual rate of 5.8 per cent over the medium term, primarily

due to increases in the cost of living adjustments. Parliament also makes transfer payments to political parties to allow them to carry out their legislative mandate, which explains the slight increase in spending on transfers to non-profit institutions over the medium term.

## Revenue retained by Parliament

Table 2.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16			2016/17
R thousand													
<b>Departmental receipts</b>	<b>32 702</b>	<b>34 165</b>	<b>37 991</b>	<b>33 625</b>	<b>33 625</b>	<b>0.9%</b>	<b>100.0%</b>	<b>34 025</b>	<b>32 225</b>	<b>30 500</b>	<b>-3.2%</b>	<b>100.0%</b>	
<b>Sales of goods and services produced by department</b>	<b>7 767</b>	<b>9 228</b>	<b>10 163</b>	<b>9 025</b>	<b>9 025</b>	<b>5.1%</b>	<b>26.1%</b>	<b>9 025</b>	<b>9 225</b>	<b>9 500</b>	<b>1.7%</b>	<b>28.2%</b>	
Sales by market establishments	–	8 948	–	–	–	–	6.5%	–	–	–	–	–	
Other sales	7 767	280	10 163	9 025	9 025	5.1%	19.7%	9 025	9 225	9 500	1.7%	28.2%	
of which:													
Catering sales	7 767	280	10 163	9 025	9 025	5.1%	19.7%	9 025	9 225	9 500	1.7%	28.2%	
<b>Interest, dividends and rent on land</b>	<b>24 719</b>	<b>24 782</b>	<b>27 708</b>	<b>24 600</b>	<b>24 600</b>	<b>-0.2%</b>	<b>73.5%</b>	<b>25 000</b>	<b>23 000</b>	<b>21 000</b>	<b>-5.1%</b>	<b>71.8%</b>	
Interest	24 719	24 782	27 708	24 600	24 600	-0.2%	73.5%	25 000	23 000	21 000	-5.1%	71.8%	
<b>Sales of capital assets</b>	<b>178</b>	<b>155</b>	<b>120</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>0.3%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	
Transactions in financial assets and liabilities	38	–	–	–	–	-100.0%	–	–	–	–	–	–	
<b>Total</b>	<b>32 702</b>	<b>34 165</b>	<b>37 991</b>	<b>33 625</b>	<b>33 625</b>	<b>0.9%</b>	<b>100.0%</b>	<b>34 025</b>	<b>32 225</b>	<b>30 500</b>	<b>-3.2%</b>	<b>100.0%</b>	

Parliament is not required to return unspent funds to the National Revenue Fund, which means that all unspent funds from previous years are held as retained earnings. Other revenue, such as interest collected and catering sales, is reflected as part of retained earnings. Over the medium term, the surplus in the retained earnings account is expected to decrease as it is earmarked for various strategic projects.

## Programme 1: Administration

### Expenditure estimates

Table 2.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
Office of the Speaker	30.5	39.6	36.9	38.3	7.9%	9.9%	43.5	45.5	48.1	7.9%	9.7%	
Office of the Chairperson	12.0	20.2	25.1	22.3	22.9%	5.4%	23.9	25.0	26.4	5.8%	5.4%	
Office of the Secretary	206.9	163.2	189.9	205.2	-0.3%	51.9%	220.5	234.0	247.5	6.5%	50.1%	
Corporate Services	42.2	40.3	39.8	55.1	9.3%	12.0%	59.0	61.7	65.2	5.8%	13.3%	
Institutional Support	77.3	64.4	75.1	88.9	4.8%	20.8%	95.1	99.5	105.2	5.8%	21.5%	
<b>Total</b>	<b>368.9</b>	<b>327.5</b>	<b>366.8</b>	<b>409.7</b>	<b>3.6%</b>	<b>100.0%</b>	<b>442.0</b>	<b>465.7</b>	<b>492.4</b>	<b>6.3%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				–			–	–	(0.0)			
<b>Current payments</b>	<b>367.1</b>	<b>309.8</b>	<b>364.2</b>	<b>406.5</b>	<b>3.5%</b>	<b>98.3%</b>	<b>438.6</b>	<b>462.1</b>	<b>488.7</b>	<b>6.3%</b>	<b>99.2%</b>	
Compensation of employees	210.1	232.3	275.9	298.1	12.4%	69.0%	317.3	335.3	354.5	5.9%	72.1%	
Goods and services	157.1	77.6	88.4	108.4	-11.6%	29.3%	121.3	126.9	134.2	7.4%	27.1%	
of which:												
Communication	9.1	6.8	5.3	10.8	5.8%	2.2%	13.4	14.0	14.9	11.1%	2.9%	
Contractors	18.3	4.8	11.8	6.5	-29.2%	2.8%	9.4	9.9	10.4	17.0%	2.0%	
Travel and subsistence	15.2	24.0	25.8	19.3	8.3%	5.7%	21.4	22.4	23.7	7.1%	4.8%	
Operating payments	18.9	9.5	1.8	14.5	-8.5%	3.0%	19.4	20.3	21.4	14.0%	4.2%	
<b>Payments for capital assets</b>	<b>1.7</b>	<b>17.7</b>	<b>2.6</b>	<b>3.2</b>	<b>22.4%</b>	<b>1.7%</b>	<b>3.4</b>	<b>3.6</b>	<b>3.8</b>	<b>5.5%</b>	<b>0.8%</b>	
Machinery and equipment	1.3	17.7	2.6	3.2	34.0%	1.7%	3.4	3.6	3.8	5.5%	0.8%	
Software and other intangible assets	0.4	–	–	–	-100.0%	–	–	–	–	–	–	
<b>Total</b>	<b>368.9</b>	<b>327.5</b>	<b>366.8</b>	<b>409.7</b>	<b>3.6%</b>	<b>100.0%</b>	<b>442.0</b>	<b>465.7</b>	<b>492.4</b>	<b>6.3%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>30.8%</b>	<b>27.0%</b>	<b>28.3%</b>	<b>28.9%</b>			<b>29.3%</b>	<b>29.2%</b>	<b>29.2%</b>			

## Personnel information

Table 2.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Administration	828	–	666	275.9	0.4	708	298.1	0.4	708	317.3	0.4	708	335.3	0.5	708	354.5	0.5	–	100.0%
Salary level																			
1 – 6	–	–	3	0.5	0.2	3	0.5	0.2	3	0.6	0.2	3	0.6	0.2	3	0.6	0.2	–	0.4%
7 – 10	487	–	455	120.4	0.3	476	130.5	0.3	476	138.1	0.3	476	145.8	0.3	476	154.1	0.3	–	67.2%
11 – 12	190	–	103	57.0	0.6	117	62.1	0.5	117	65.7	0.6	117	69.7	0.6	117	73.8	0.6	–	16.5%
13 – 16	151	–	105	97.9	0.9	112	105.0	0.9	112	112.9	1.0	112	119.2	1.1	112	126.0	1.1	–	15.8%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on: establishing the fifth Parliament, including launching the My Parliament application, an IT system for the public to communicate with Parliament; developing and implementing integrated planning, budgeting and performance and reporting systems; and completing the third phase of the ICT infrastructure upgrade. To achieve these objectives, the bulk of the programme's budget over the medium term is directed towards spending on compensation of employees for the personnel who provide support to the speaker of the National Assembly, the chairperson of the National Council of Provinces and the secretary to Parliament in executing their functions. Spending on compensation of employees uses 72.8 per cent of the total expenditure in 2013/14. As additional support to these offices, consultants are used for language translations and interpretations, and these costs are expected to increase to R6.6 million in 2016/17. Spending on computer services increased at an average annual rate of 18.4 per cent between 2010/11 and 2013/14 due to the completion of the second phase of the ICT infrastructure upgrade.

The increase in expenditure in the *Office of the Speaker* subprogramme between 2010/11 and 2013/14 was as a result of the additional capacity required to establish the office of institutions supporting democracy, which would allow the speaker of the National Assembly to exercise oversight over these institutions more effectively. This explains the increase in spending on compensation of employees over this period.

Expenditure in the *Office of the Secretary* subprogramme increased from R163.2 million in 2011/12 to R205.2 million in 2013/14 because of the establishment of the finance and management office. The increase over the MTEF period is to provide for additional capacity for internal audit in the subprogramme. Between 2010/11 and 2013/14, expenditure in the *Office of the Chairperson* subprogramme increased significantly, mainly as a result of the establishment of the parliamentary democracy offices in provinces. Between 2012/13 and 2013/14, the programme increased its staff establishment from 666 to 708 to provide capacity for back office functions such as secretarial and administrative support.

## Programme 2: Legislation and Oversight

### Objectives

- Strengthen Parliament's oversight function by:
  - developing a framework for assessing the performance of all state organs by 2015.
  - developing guidelines for select and portfolio committees for joint planning and coordinating; and implementing rules, systems and capacity for this planning and coordination by the end of the fourth Parliament in 2015.
- Ensure the ongoing cultivation and preservation of institutional knowledge and access by developing an institutional knowledge management strategy and policy and the requisite systems by 2015.

## Subprogrammes

- *National Assembly* provides procedural advice and guidance for the proceedings of the National Assembly. In 2013/14, support was provided to allow the National Assembly to have 53 sittings, which, in turn, allowed 28 bills to be passed by November 2013. In the same year, 8 joint sittings were supported. This subprogramme had a staff complement of 51 in 2013/14.
- *National Council of Provinces* provides procedural advice and guidance for the proceedings of the National Council of Provinces. In November 2013, the annual Taking Parliament to the People programme was rolled out in the North West province. Funds have been reprioritised from delayed projects to roll out the programme for the second time in other provinces over the medium term. This subprogramme had a staff complement of 51 in 2013/14.
- *Legislation and Oversight* provides procedural advice, language services, research and administrative services to committee proceedings to other provinces. This subprogramme had a staff complement of 536 in 2013/14. At the end of November 2013, 40 parliamentary committees conducted a total of 80 oversight meetings with various departments and entities.

## Expenditure estimates

**Table 2.7 Legislation and Oversight**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
National Assembly	18.7	22.8	22.6	25.3	10.5%	7.2%	26.8	28.1	29.7	5.4%	7.3%
National Council of Provinces	30.1	29.5	54.2	34.5	4.7%	12.0%	36.6	38.3	40.5	5.4%	9.9%
Legislation and Oversight	215.6	246.1	253.8	287.6	10.1%	80.8%	297.8	320.9	341.6	5.9%	82.8%
<b>Total</b>	<b>264.4</b>	<b>298.4</b>	<b>330.6</b>	<b>347.5</b>	<b>9.5%</b>	<b>100.0%</b>	<b>361.2</b>	<b>387.3</b>	<b>411.8</b>	<b>5.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			-	-	2.3		

### Economic classification

	2012/13	2011/12	2010/11	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Current payments</b>	<b>264.4</b>	<b>297.3</b>	<b>330.6</b>	<b>346.7</b>	<b>9.4%</b>	<b>99.8%</b>	<b>361.2</b>	<b>387.3</b>	<b>411.8</b>	<b>5.9%</b>	<b>99.9%</b>
Compensation of employees	177.2	195.2	227.6	261.7	13.9%	69.4%	258.7	280.0	296.1	4.2%	72.7%
Goods and services	87.2	102.1	103.0	84.9	-0.9%	30.4%	102.6	107.3	115.7	10.9%	27.2%
of which:											
Communication	3.3	2.8	2.4	3.9	5.3%	1.0%	4.0	4.2	4.5	4.5%	1.1%
Contractors	3.9	6.0	13.0	1.2	-33.1%	1.9%	1.3	1.4	1.5	7.6%	0.4%
Travel and subsistence	36.8	62.5	54.3	36.2	-0.5%	15.3%	51.2	53.5	58.9	17.6%	13.3%
Operating payments	17.4	5.3	6.9	7.3	-25.0%	3.0%	12.1	12.6	13.4	22.1%	3.0%
<b>Payments for capital assets</b>	<b>0.0</b>	<b>1.1</b>	<b>-</b>	<b>0.8</b>	<b>214.8%</b>	<b>0.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>
Machinery and equipment	0.0	1.1	-	0.8	214.8%	0.2%	-	-	-	-100.0%	0.1%
<b>Total</b>	<b>264.4</b>	<b>298.4</b>	<b>330.6</b>	<b>347.5</b>	<b>9.5%</b>	<b>100.0%</b>	<b>361.2</b>	<b>387.3</b>	<b>411.8</b>	<b>5.8%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	22.1%	24.6%	25.5%	24.5%			24.0%	24.3%	24.4%		

## Personnel information

**Table 2.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	Unit Cost	2013/14	Unit Cost	2014/15	Unit Cost	2015/16	Unit Cost	2016/17	Unit Cost	2013/14 - 2016/17						
Legislation and Oversight			552	227.6	0.4	597	261.7	0.4	597	258.7	0.4	597	280.0	0.5	597	296.1	0.5	-	100.0%
7 - 10	360	-	458	161.2	0.4	360	115.1	0.3	360	114.1	0.3	360	123.2	0.3	360	130.6	0.4	-	60.3%
11 - 12	185	-	65	38.8	0.6	185	95.9	0.5	185	95.9	0.5	185	104.2	0.6	185	109.7	0.6	-	31.0%
13 - 16	52	-	29	27.6	1.0	52	50.7	1.0	52	48.7	0.9	52	52.6	1.0	52	55.7	1.1	-	8.7%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on ensuring that the parliamentary budget office continues to implement the Money Bills Amendment Procedures and Related Matters Act (2009) in its functions, and developing a coordinated oversight strategy, including the development of rules to implement the oversight model. To achieve these objectives, the bulk of the programme's budget over the medium term is directed towards spending on compensation of the employees who provide support to committee members in executing their functions, and related items of goods and services such as computer equipment, contractors and consultants. At the end of November 2013, the programme had an establishment of 597 funded posts.

Spending on travel and subsistence also remains a large portion of the programme's expenditure over the medium term due to the need for members to conduct public hearings and do constituency work. Spending on this item is expected to increase to R56.5 million by 2016/17. This is mainly as a result of the increase in the number of oversight visits by parliamentary committees from 20 in 2012/13 to 60 in 2013/14.

Spending in the *National Council of Provinces* subprogramme between 2012/13 and 2013/14 decreased due to planned Taking Parliament to the People events not taking place because of changes to parliamentary schedules or sittings. The increase in spending in the *Legislative and Oversight* subprogramme over the same period was because more content advisor and research staff were appointed to assist the committee in its increased number of oversight visits. The greater staff complement and the higher number of oversight visits led to increased spending on compensation of employees. The 10.5 per cent increase in expenditure in the *National Assembly* subprogramme between 2010/11 and 2013/14 was mainly because of costs incurred in increasing the number of committees from 40 to 55, when the fourth Parliament was established.

## Programme 3: Public and International Participation

### Objectives

- Improve public participation and involvement in parliamentary processes by developing a public participation model, including the revamping and reformatting of parliamentary radio programmes to include all official languages, and assisting the Pan African Parliament to develop a strategic plan over the medium term.
- Improve public education programmes by developing a module on Parliament for learning institutions from Grade R to tertiary level by the second quarter of 2014.
- Continue to increase public participation through the annual People's Assembly and biannual Taking Parliament to the People programmes.

### Subprogrammes

- *Public Affairs* provides education and information to the public about Parliament and its processes, public and media relations for Parliament, and parliamentary events management. By the end of November 2013, the number of visitors to Parliament had decreased to 4 566 from the 8 581 visitors recorded at the end of November 2012. This was due to the implementation of the virtual tour, which allows the public to view the parliamentary precinct and its operations on the internet. This subprogramme had a staff complement of 90 in 2013/14.
- *International Relations* provides protocol services, administration for bilateral and multilateral meetings, and services for official visits, including procedural and logistical support for incoming and outgoing delegations. The number of international agreements approved by Parliament by 30 September 2013 had increased to 6 compared to 2 for the same period in 2012. This subprogramme had a staff complement of 23 in 2013/14.

## Expenditure estimates

**Table 2.9 Public and International Participation**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
Public Affairs	49.8	66.2	65.3	71.6	12.9%	56.7%	75.9	81.4	86.0	6.3%	57.7%	
International Relations	68.9	43.2	32.8	48.3	-11.2%	43.3%	56.7	61.3	64.8	10.3%	42.3%	
<b>Total</b>	<b>118.7</b>	<b>109.4</b>	<b>98.1</b>	<b>119.9</b>	<b>0.3%</b>	<b>100.0%</b>	<b>132.6</b>	<b>142.7</b>	<b>150.9</b>	<b>8.0%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				-			-	-	(0.0)			
<b>Economic classification</b>												
<b>Current payments</b>	<b>79.4</b>	<b>108.8</b>	<b>98.1</b>	<b>119.9</b>	<b>14.7%</b>	<b>91.0%</b>	<b>132.6</b>	<b>142.7</b>	<b>150.9</b>	<b>8.0%</b>	<b>100.0%</b>	
Compensation of employees	26.8	36.3	46.3	49.0	22.3%	35.5%	52.5	58.9	62.3	8.3%	40.8%	
Goods and services	52.6	72.5	51.8	70.9	10.5%	55.5%	80.1	83.8	88.6	7.7%	59.2%	
of which:												
Communication	3.3	0.7	0.6	4.9	14.0%	2.1%	5.3	5.5	5.8	6.2%	3.9%	
Contractors	2.8	6.9	4.4	2.8	-0.1%	3.8%	3.0	3.1	3.3	5.5%	2.2%	
Travel and subsistence	32.7	45.9	25.3	39.4	6.4%	32.1%	46.0	48.1	50.9	9.0%	33.8%	
Operating payments	1.2	5.9	0.4	6.6	79.3%	3.2%	8.2	8.6	9.1	11.0%	6.0%	
<b>Payments for capital assets</b>	<b>39.3</b>	<b>0.7</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>9.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Machinery and equipment	39.3	0.7	-	-	-100.0%	9.0%	-	-	-	-	-	
<b>Total</b>	<b>118.7</b>	<b>109.4</b>	<b>98.1</b>	<b>119.9</b>	<b>0.3%</b>	<b>100.0%</b>	<b>132.6</b>	<b>142.7</b>	<b>150.9</b>	<b>8.0%</b>	<b>100.0%</b>	
Proportion of total programme expenditure to vote expenditure	9.9%	9.0%	7.6%	8.4%			8.8%	9.0%	8.9%			

## Personnel information

**Table 2.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Public and International Participation	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	98	-	98	46.3	0.5	98	49.0	0.5	98	52.5	0.5	98	58.9	0.6	98	62.3	0.6	-	100.0%	
7 - 10	52	-	52	17.5	0.3	52	17.9	0.3	52	19.7	0.4	52	22.1	0.4	52	23.4	0.4	-	53.1%	
11 - 12	33	-	33	17.8	0.5	33	19.2	0.6	33	20.1	0.6	33	22.5	0.7	33	23.8	0.7	-	33.7%	
13 - 16	13	-	13	11.0	0.8	13	11.9	0.9	13	12.7	1.0	13	14.3	1.1	13	15.1	1.2	-	13.3%	

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on strengthening Parliament's cooperation and participation in international forums, updating the public participation model and strategy, and upgrading broadcasting infrastructure. Spending in these areas is linked to the number of oversight visits undertaken by committees, which are expected to increase from 20 in 2012/13 to 43 in 2016/17. The bulk of the programme's budget over the medium term is directed towards spending on compensation of employees and travel and subsistence. At the end of November 2013, the programme had 98 filled posts and personnel numbers are expected to remain at this level over the medium term. Consultants in this programme are used to provide legal opinion on international agreements and spending on this item takes up only 2.2 per cent of the programmes' total spending over the medium term.

The decrease in spending in the *International Relations* subprogramme between 2010/11 and 2013/14 was due to a reduction in spending on machinery and equipment in 2011/12 as a result of funds shifted from this item to fund a shortfall in the *Public Affairs* subprogramme, as well as decreased spending on travel and subsistence in 2012/13 because of the cancellation of some oversight meetings.

The significant increase in expenditure on compensation of employees between 2010/11 and 2013/14 was due to adjustments in members' medical aid schemes. The increase in expenditure in the *Public Affairs* subprogramme between 2010/11 and 2013/14 was mainly because of additional costs incurred to increase public participation and for participation in international forums. Between 2010/11 and 2013/14, 16 more staff members were appointed to work on the drive to increase public participation in parliamentary processes.

## Programme 4: Members' Facilities

### Objectives

- Support the operational activities of members of Parliament by continuously providing operational facilities, including housing and telephones, to the 336 members of the National Assembly and the 54 members of the National Council of Provinces, as required.

### Subprogrammes

- *National Assembly Members' Facilities* provides support and facilities to members to enable them to carry out their legislative mandate efficiently and effectively. Members are supported in terms of travel claims and training, and tools of trade are provided. Travel and facility claims are processed and paid within 3 days.
- *National Council of Provinces Members' Facilities* provides support and facilities to members to enable them to carry out their legislative mandate efficiently and effectively. Members are supported in terms of travel claims and training, and tools of trade are provided. Travel and facility claims are processed and paid within 3 days, and real time travel reservations are facilitated.

### Expenditure estimates

Table 2.11 Members' Facilities

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
National Assembly Members' Facilities	161.4	167.4	180.7	182.0	4.1%	91.8%	193.0	201.8	213.4	5.4%	86.2%
National Council of Provinces Members' Facilities	8.1	14.4	10.4	29.2	53.4%	8.2%	30.9	32.3	34.2	5.4%	13.8%
<b>Total</b>	<b>169.5</b>	<b>181.8</b>	<b>191.1</b>	<b>211.2</b>	<b>7.6%</b>	<b>100.0%</b>	<b>223.9</b>	<b>234.2</b>	<b>247.6</b>	<b>5.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				–			–	–	–		
<b>Current payments</b>	<b>169.5</b>	<b>180.5</b>	<b>190.7</b>	<b>211.2</b>	<b>7.6%</b>	<b>99.8%</b>	<b>223.9</b>	<b>234.2</b>	<b>247.6</b>	<b>5.4%</b>	<b>100.0%</b>
Compensation of employees	35.4	36.5	34.3	44.4	7.9%	20.0%	46.6	48.8	51.6	5.1%	20.9%
Goods and services	134.1	144.0	156.5	166.8	7.5%	79.8%	177.2	185.4	196.1	5.5%	79.1%
of which:					–	–				–	–
Communication	9.8	8.5	8.5	13.9	12.5%	5.4%	14.7	15.4	16.3	5.4%	6.6%
Contractors	6.2	4.6	5.1	6.7	2.9%	3.0%	7.1	7.4	7.9	5.4%	3.2%
Travel and subsistence	100.2	124.4	138.4	129.5	8.9%	65.4%	137.3	143.6	151.8	5.4%	61.3%
Operating payments	4.5	2.5	0.4	7.9	20.8%	2.0%	8.8	9.2	9.8	7.3%	3.9%
<b>Payments for capital assets</b>	<b>–</b>	<b>1.3</b>	<b>0.4</b>	<b>–</b>	<b>–</b>	<b>0.2%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	–	1.3	0.4	–	–	0.2%	–	–	–	–	–
<b>Total</b>	<b>169.5</b>	<b>181.8</b>	<b>191.1</b>	<b>211.2</b>	<b>7.6%</b>	<b>100.0%</b>	<b>223.9</b>	<b>234.2</b>	<b>247.6</b>	<b>5.4%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	14.1%	15.0%	14.7%	14.9%			14.8%	14.7%	14.7%		

### Expenditure trends

The spending focus over the medium term will be on providing members of the fifth Parliament with travel and training services and telephones, and on improving accounting systems. The bulk of the programme's budget over the medium term is directed towards spending on travel and subsistence, which amounts to 61.3 per cent of spending on goods and services.

Spending on computer services, operating leases and communication will enable members to conduct both parliamentary duties and constituency visits. The 53.4 per cent increase in spending in the *National Council of Provinces Members' Facilities* subprogramme between 2010/11 and 2013/14 was mainly as a result of an

increase in the number of trips taken by members for oversight visits. This programme's functions are carried out by staff in the *Administration* programme.

## Programme 5: Associated Services

### Subprogrammes

- *Political Party Support* provides financial support and facilities to political parties to allow them to carry out their legislative mandate efficiently and effectively.
- *Constituency Support* provides financial support to constituency offices to allow them to carry out their legislative mandate efficiently and effectively.
- *Party Leadership Support* provides financial support to political leadership structures to allow them to carry out their legislative mandate efficiently and effectively.

### Expenditure estimates

**Table 2.12 Associated Services**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Political Party Support	66.1	70.3	74.3	78.5	5.9%	23.8%	83.2	87.0	92.0	5.4%	23.8%
Constituency Support	205.3	220.8	230.3	243.2	5.8%	73.9%	257.8	269.7	285.2	5.4%	73.9%
Party Leadership Support	6.0	6.5	6.7	9.4	16.2%	2.4%	7.5	7.8	8.3	-4.1%	2.3%
<b>Total</b>	<b>277.4</b>	<b>297.6</b>	<b>311.4</b>	<b>331.1</b>	<b>6.1%</b>	<b>100.0%</b>	<b>348.5</b>	<b>364.5</b>	<b>385.5</b>	<b>5.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			-	-	-		
<b>Transfers and subsidies</b>	<b>277.4</b>	<b>297.6</b>	<b>311.4</b>	<b>331.1</b>	<b>6.1%</b>	<b>100.0%</b>	<b>348.5</b>	<b>364.5</b>	<b>385.5</b>	<b>5.2%</b>	<b>100.0%</b>
Non-profit institutions	277.4	297.6	311.4	331.1	6.1%	100.0%	348.5	364.5	385.5	5.2%	100.0%
<b>Total</b>	<b>277.4</b>	<b>297.6</b>	<b>311.4</b>	<b>331.1</b>	<b>6.1%</b>	<b>100.0%</b>	<b>348.5</b>	<b>364.5</b>	<b>385.5</b>	<b>5.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>23.1%</b>	<b>24.5%</b>	<b>24.0%</b>	<b>23.3%</b>			<b>23.1%</b>	<b>22.9%</b>	<b>22.8%</b>		

#### Details of selected transfers and subsidies

Non-profit institutions											
<b>Current</b>	<b>277.4</b>	<b>297.6</b>	<b>311.4</b>	<b>331.1</b>	<b>6.1%</b>	<b>100.0%</b>	<b>348.5</b>	<b>364.5</b>	<b>385.5</b>	<b>5.2%</b>	<b>100.0%</b>
Political party support	66.1	70.3	74.3	78.5	5.9%	23.8%	83.2	87.0	92.0	5.4%	23.8%
Constituency allowance	205.3	220.8	230.3	243.2	5.8%	73.9%	257.8	269.7	285.2	5.4%	73.9%
Party leadership support	6.0	6.5	6.7	9.4	16.2%	2.4%	7.5	7.8	8.3	-4.1%	2.3%

### Expenditure trends

The spending focus over the medium term will be on providing financial support to the constituency offices of political parties represented in Parliament. As a result, the bulk of the programme's spending over the medium term is directed towards spending on transfer payments to the parties represented in Parliament. These transfers are calculated based on formulas contained in the approved policy on political party allowances. This programme's functions are carried out by staff in the *Administration* programme.

# Vote 3

## Cooperative Governance and Traditional Affairs

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	252.1	245.9	0.1	6.1	259.2	274.6
Policy, Research and Knowledge Management	21.1	21.1	–	–	24.3	25.8
Governance and Intergovernmental Relations	44 618.8	45.8	44 572.9	0.0	50 341.3	53 009.6
National Disaster Management Centre	650.8	50.2	598.3	2.3	657.1	669.3
Provincial and Municipal Government Systems	289.5	37.3	252.2	0.1	300.3	316.5
Infrastructure and Economic Development	17 268.6	2 290.4	14 978.0	0.2	17 941.7	19 832.8
Traditional Affairs	111.9	–	111.9	–	116.9	123.7
<b>Total expenditure estimates</b>	<b>63 212.7</b>	<b>2 690.7</b>	<b>60 513.3</b>	<b>8.7</b>	<b>69 640.7</b>	<b>74 252.3</b>
Executive authority	Minister of Cooperative Governance and Traditional Affairs					
Accounting officer	Director General of Cooperative Governance					
Website address	www.cogta.gov.za					

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Improve cooperative governance across the three spheres of government in partnership with institutions of traditional leadership, thereby ensuring that provinces and municipalities carry out their service delivery and development functions effectively.*

### Mandate

The Department of Cooperative Governance is mandated to: develop, monitor and support the implementation of national policy and legislation, seeking to transform and strengthen key institutions and mechanisms of governance to fulfil their development role; develop, promote and monitor mechanisms, systems and structures to enable integrated service delivery and implementation within government; and promote sustainable development by providing support to and exercising oversight over provincial and local government. This mandate is derived from the following legislation:

- the Intergovernmental Relations Framework Act (2005)
- the Municipal Property Rates Act (2004)
- the Municipal Systems Act (2000)
- the Municipal Structures Act (1998).

### Strategic goals

The department's strategic goals over the medium term are to:

- develop policies and legislation to lead the building of capable, developmental and financially viable local governance institutions
- deepen participatory democracy through developing common standards and practices of accountability and good governance

- support planning and coordination efforts in provinces and municipalities in partnership with all sector departments, local government agencies, traditional institutions and organs of civil society
- foster sustainable infrastructure development and maintenance to ensure basic services delivery
- promote local economic development
- strengthen the department's capacity to deliver on its mandate.

## **Programme purposes**

### **Programme 1: Administration**

**Purpose:** Provide management, leadership and administrative services to the department.

### **Programme 2: Policy, Research and Knowledge Management**

**Purpose:** Provide specialised support services to the department in the areas of research and knowledge management, policy formulation, monitoring and evaluation, and information, communication and business technologies.

### **Programme 3: Governance and Intergovernmental Relations**

**Purpose:** Improve vertical and horizontal coordination and alignment between the three spheres of government. Promote public participation in governance through regulatory mechanisms. Provide oversight, intervention and support programmes to provinces, municipalities and associated institutions.

### **Programme 4: National Disaster Management Centre**

**Purpose:** Promote an integrated and coordinated system of disaster risk management that places special emphasis on prevention, mitigation and preparedness on the part of national, provincial and municipal organs of state, statutory functionaries, communities and other role players involved in disaster risk management.

### **Programme 5: Provincial and Municipal Government Systems**

**Purpose:** Provide oversight, support programmes and evidence based regulatory mechanisms for provincial and municipal government and associated institutions, and facilitate effective development and service delivery.

### **Programme 6: Infrastructure and Economic Development**

**Purpose:** Support provincial and local government programmes and systems that promote economic and infrastructure development.

### **Programme 7: Traditional Affairs**

**Purpose:** Transfer funds to the Department of Traditional Affairs which: promotes and coordinates research and information management and the development of policies and legislation on traditional affairs; and coordinates institutional development and capacity building programmes to enhance efficiency and effectiveness within the institutions of traditional affairs.

## Selected performance indicators

**Table 3.1 Cooperative Governance**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Total number of municipalities with established municipal public accounts committees	Governance and Intergovernmental Relations	Outcome 9: a responsive, accountable, effective and efficient local government system	- <sup>1</sup>	28	278	278	278	278	278
Total number of municipalities supported to implement a revised national framework on funding for ward committees	Governance and Intergovernmental Relations		- <sup>1</sup>	40	70	84	278	278	278
Total number of fully functional disaster management centres across the three spheres of government	National Disaster Management Centre		30	40	40	62	62	62	62
Number of smaller municipalities supported to implement revised Integrated Development Planning Framework	Provincial and Municipal Government Systems		- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	70	136	136	136
Total number of provinces supported in community development programme	Provincial and Municipal Government Systems		- <sup>1</sup>	9	9	9	9	9	9
Total number of provinces assessed in institutional capacity per year	Provincial and Municipal Government Systems		- <sup>2</sup>	- <sup>2</sup>	5	4	9	9	9
Value of municipalities' spending on municipal infrastructure grant per year	Infrastructure and Economic Development		R11.3bn	R11.5bn	R13.9bn	R14.4bn	R14.7bn	R15.1bn	R15.8bn
Number of work opportunities created through the community work programme per year	Infrastructure and Economic Development		89 689	105 218	205 494	172 000	187 000	197 000	362 000
Total number of municipalities (40 targeted municipalities) supported in implementing local economic development programmes per year	Infrastructure and Economic Development		- <sup>1</sup>	5	25	25	30	35	40
Total number of towns and cities implementing the Clean Cities and Towns programme	Infrastructure and Economic Development		- <sup>1</sup>	8	8	8	8	8	8

1. Department began measuring indicator in 2011/12.

2. Department began measuring indicator in 2012/13.

## The national development plan

The department's objectives are in alignment with one of the main objectives of the national development plan, which is to increase employment by 11 million jobs by 2030. The community work programme contributes towards the goal of broadening the expanded public works programme, as outlined in the national development plan, as a significant driver of job creation. The community work programme has created 172 000 job opportunities since its inception in 2010. Over the medium term, the community work programme will create additional job opportunities through new work sites in municipalities, as discussed in the subprogramme reporting below.

The national development plan also focuses on the need to produce and develop technical and specialist related skills in government to overcome the skills shortage, particularly at the local government level. In line with this, the department has established the Municipal Infrastructure Support Agency, which facilitates the deployment of engineers, scientists and technicians to municipalities that are struggling with infrastructure delivery. In 2012/13, the agency facilitated the placement of 68 technical professionals in 100 municipalities in all nine provinces. The long term strategy is to create a pool of skilled professionals who can play a critical role in

infrastructure delivery within local government. In 2012/13, technical experts supported the implementation of 220 water supply projects, 128 sanitation infrastructure projects, 40 energy projects and 18 waste management infrastructure projects. Over the medium term, technical experts will continue to support targeted municipalities to assist them with project planning and implementation, infrastructure asset management, and provide capacity building programmes for technical staff.

## Expenditure estimates

Table 3.2 Cooperative Governance and Traditional Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16			2016/17
R million													
Administration	188.2	226.8	216.5	251.9	251.9	10.2%	0.4%	252.1	259.2	274.6	2.9%	0.4%	
Policy, Research and Knowledge Management	16.8	17.2	17.1	20.5	20.5	6.8%	0.0%	21.1	24.3	25.8	8.0%	0.0%	
Governance and Intergovernmental Relations	30 663.7	33 270.8	37 364.2	40 722.9	39 916.9	9.2%	71.0%	44 618.8	50 341.3	53 009.6	9.9%	71.0%	
National Disaster Management Centre	283.1	80.7	114.1	705.4	455.4	17.2%	0.5%	650.8	657.1	669.3	13.7%	0.9%	
Provincial and Municipal Government Systems	244.5	252.4	274.3	281.6	281.6	4.8%	0.5%	289.5	300.3	316.5	4.0%	0.4%	
Infrastructure and Economic Development	10 363.4	12 285.1	15 341.3	16 371.4	16 371.4	16.5%	27.3%	17 268.6	17 941.7	19 832.8	6.6%	27.0%	
Traditional Affairs	61.8	88.6	106.9	105.2	105.2	19.4%	0.2%	111.9	116.9	123.7	5.6%	0.2%	
<b>Total</b>	<b>41 821.4</b>	<b>46 221.6</b>	<b>53 434.4</b>	<b>58 458.9</b>	<b>57 402.9</b>	<b>11.1%</b>	<b>100.0%</b>	<b>63 212.7</b>	<b>69 640.7</b>	<b>74 252.3</b>	<b>9.0%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				206.2	(849.8)			(74.7)	(308.2)	592.0			
<b>Economic classification</b>													
<b>Current payments</b>	<b>551.8</b>	<b>582.5</b>	<b>1 635.4</b>	<b>2 143.5</b>	<b>2 143.5</b>	<b>57.2%</b>	<b>2.5%</b>	<b>2 690.7</b>	<b>2 955.4</b>	<b>4 187.2</b>	<b>25.0%</b>	<b>4.5%</b>	
Compensation of employees	157.0	196.2	216.6	245.1	245.1	16.0%	0.4%	256.6	271.8	288.5	5.6%	0.4%	
Goods and services	394.7	386.2	1 418.8	1 898.4	1 898.4	68.8%	2.1%	2 434.1	2 683.7	3 898.7	27.1%	4.1%	
<i>of which:</i>													
Computer services	32.0	17.2	19.1	56.5	56.5	20.8%	0.1%	69.3	71.9	75.8	10.3%	0.1%	
Consultants and professional services:	234.7	250.6	579.6	64.8	64.8	-34.9%	0.6%	81.2	74.7	80.3	7.4%	0.1%	
Business and advisory services													
Contractors	4.5	5.2	712.5	1 199.8	1 199.8	544.8%	1.0%	1 667.1	1 878.0	2 947.7	34.9%	2.9%	
Inventory: Materials and supplies	0.0	0.1	0.0	407.9	407.9	2016.8%	0.2%	450.0	480.0	605.5	14.1%	0.7%	
Interest and rent on land	0.1	0.1	-	-	-	-100.0%	0.0%	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>41 252.5</b>	<b>45 630.3</b>	<b>51 782.3</b>	<b>56 304.4</b>	<b>55 248.4</b>	<b>10.2%</b>	<b>97.5%</b>	<b>60 513.3</b>	<b>66 676.1</b>	<b>70 055.4</b>	<b>8.2%</b>	<b>95.5%</b>	
Provinces and municipalities	40 671.3	44 884.2	51 322.8	55 842.9	54 786.9	10.4%	96.4%	60 024.5	66 169.5	69 522.1	8.3%	94.7%	
Departmental agencies and accounts	148.1	165.6	323.8	435.3	435.3	43.2%	0.5%	477.2	494.5	520.6	6.1%	0.7%	
Foreign governments and international organisations	0.1	0.2	0.3	-	-	-100.0%	0.0%	-	-	-	-	-	
Public corporations and private enterprises	189.6	179.7	-	-	-	-100.0%	0.2%	-	-	-	-	-	
Non-profit institutions	7.5	5.7	3.7	11.1	11.1	14.2%	0.0%	11.7	12.1	12.7	4.6%	0.0%	
Households	235.9	394.8	131.8	15.0	15.0	-60.1%	0.4%	-	-	-	-100.0%	0.0%	
<b>Payments for capital assets</b>	<b>16.8</b>	<b>7.6</b>	<b>15.7</b>	<b>10.2</b>	<b>10.2</b>	<b>-15.3%</b>	<b>0.0%</b>	<b>8.7</b>	<b>9.2</b>	<b>9.7</b>	<b>-1.9%</b>	<b>0.0%</b>	
Machinery and equipment	16.8	7.6	15.7	9.5	9.5	-17.4%	0.0%	7.7	9.2	9.7	0.6%	0.0%	
Software and other intangible assets	-	-	-	0.8	0.8	0.0%	0.0%	1.0	-	-	-100.0%	0.0%	
<b>Payments for financial assets</b>	<b>0.3</b>	<b>1.2</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>	<b>43.3%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	
<b>Total</b>	<b>41 821.4</b>	<b>46 221.6</b>	<b>53 434.4</b>	<b>58 458.9</b>	<b>57 402.9</b>	<b>11.1%</b>	<b>100.0%</b>	<b>63 212.7</b>	<b>69 640.7</b>	<b>74 252.3</b>	<b>9.0%</b>	<b>100.0%</b>	

## Personnel information

Table 3.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
Cooperative Governance And Traditional Affairs		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	554	-	472	216.6	0.5	528	245.1	0.5	525	256.6	0.5	525	271.8	0.5	525	288.5	0.5	-0.2%	100.0%
1 – 6	165	-	157	27.2	0.2	165	29.7	0.2	165	27.6	0.2	165	31.3	0.2	165	33.3	0.2	-	31.4%
7 – 10	116	-	100	27.0	0.3	115	36.1	0.3	116	31.3	0.3	116	33.5	0.3	116	35.8	0.3	0.3%	22.0%
11 – 12	106	-	87	37.7	0.4	103	53.2	0.5	103	56.7	0.6	103	59.4	0.6	103	62.0	0.6	-	19.6%
13 – 16	167	-	128	124.7	1.0	145	126.1	0.9	141	141.0	1.0	141	147.6	1.0	141	157.4	1.1	-0.9%	27.0%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on facilitating, monitoring and evaluating infrastructure delivery programmes, providing operational support, strengthening technical capacity in local government, and facilitating job creation through the *Infrastructure and Economic Development* programme. In addition, the *Governance and Intergovernmental Relations* programme will focus on strengthening the administration and financial capability of municipalities through the disbursement of the equitable share. These functions are carried out by the personnel on the department's funded establishment of 554 posts, 26 of which were vacant as at the end of November 2013. Spending on compensation of employees is set to decline over the medium term as the payment for personnel in both the Department of Traditional Affairs and Municipal Infrastructure Support Agency are now effected through transfer payments to the department and agency.

Over the medium term, spending on conditional and other fiscal transfers is expected to increase as a result of Cabinet approved budget changes within the local government, housing and community amenities and the employment programmes function. The largest increase in expenditure relates to R1.1 billion in 2016/17 for the expansion of the community work programme to increase the number of participants from 172 000 in 2013/14 to 362 000 in 2016/17. The Municipal Infrastructure Support Agency receives an additional allocation of R60 million over the medium term to expand infrastructure capacity to 80 municipalities and the municipal disaster recovery grant receives an additional R59.1 million for the disasters that occurred in 2009 and 2010 in Limpopo, KwaZulu-Natal and Western Cape.

The budget includes a Cabinet approved baseline reduction of R850 million on the municipal infrastructure grant. The allocation for the community work programme has also been reduced by R132 million in 2014/15 and R31.6 million has been reprioritised from goods and services towards the monitoring of personnel to support the implementation of the municipal infrastructure grant.

### Infrastructure spending

Infrastructure spending is allocated through the municipal infrastructure grant. Between 2010/11 and 2013/14, allocations increased at an average annual rate of 13.9 per cent, from R9.7 billion to R14.4 billion. In 2012/13, the municipal infrastructure grant provided 41 000 households with access to water services, 148 000 with basic sanitation and 10 600 with community lighting, and built 1 299 km of roads in communities. Infrastructure spending is set to gradually increase to R15.8 billion in 2016/17.

## Departmental receipts

Table 3.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	<b>241</b>	<b>1 092</b>	<b>984</b>	<b>871</b>	<b>871</b>	<b>53.5%</b>	<b>100.0%</b>	<b>918</b>	<b>950</b>	<b>963</b>	<b>3.4%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>143</b>	<b>309</b>	<b>261</b>	<b>159</b>	<b>159</b>	<b>3.6%</b>	<b>27.4%</b>	<b>161</b>	<b>163</b>	<b>171</b>	<b>2.5%</b>	<b>17.7%</b>
Sales by market establishments	143	158	166	159	159	3.6%	19.6%	161	163	171	2.5%	17.7%
of which:												
Rental parking: Covered and open	93	95	113	104	104	3.8%	12.7%	106	108	110	1.9%	11.6%
Commission: Insurance and gamishee	45	63	48	50	50	3.6%	6.5%	50	55	56	3.8%	5.7%
Sale of Assets <R5000	1	-	1	1	1	-	0.1%	1	-	1	-	0.1%
Reimbursement of goods issued	1	-	1	1	1	-	0.1%	1	-	1	-	0.1%
Replacement of security cards	3	-	3	3	3	-	0.3%	3	-	3	-	0.2%
Other sales	-	151	95	-	-	-	7.7%	-	-	-	-	-
of which:												
Capital equipment	-	151	95	-	-	-	7.7%	-	-	-	-	-
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>-30.7%</b>	<b>0.3%</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>35.7%</b>	<b>0.5%</b>
of which:												
Sales of paper	6	2	1	2	2	-30.7%	0.3%	5	5	5	35.7%	0.5%
<b>Interest, dividends and rent on land</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-12.6%</b>	<b>0.2%</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>0.2%</b>
Interest	3	2	-	2	2	-12.6%	0.2%	2	2	2	-	0.2%
<b>Transactions in financial assets and liabilities</b>	<b>89</b>	<b>779</b>	<b>722</b>	<b>708</b>	<b>708</b>	<b>99.6%</b>	<b>72.1%</b>	<b>750</b>	<b>780</b>	<b>785</b>	<b>3.5%</b>	<b>81.7%</b>
<b>Total</b>	<b>241</b>	<b>1 092</b>	<b>984</b>	<b>871</b>	<b>871</b>	<b>53.5%</b>	<b>100.0%</b>	<b>918</b>	<b>950</b>	<b>963</b>	<b>3.4%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 3.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Ministry	35.1	26.9	35.0	31.5	-3.6%	14.5%	31.0	32.4	34.4	3.1%	12.5%
Management	7.9	12.3	12.8	16.3	27.0%	5.6%	20.1	21.1	22.6	11.5%	7.7%
Chief Operating Officer	12.4	34.9	16.3	16.4	9.8%	9.1%	20.9	21.6	22.4	11.0%	7.8%
Corporate Services	47.4	70.9	78.5	92.8	25.1%	32.8%	80.8	82.8	87.7	-1.9%	33.2%
Financial Services	33.7	20.7	24.5	28.0	-5.9%	12.1%	29.0	30.2	32.1	4.6%	11.5%
Communication and Liaison	10.2	12.1	11.4	17.0	18.6%	5.7%	14.2	12.6	13.6	-7.2%	5.5%
Legislation Review and Drafting	6.3	10.2	6.4	8.8	11.4%	3.6%	11.5	12.0	12.7	13.2%	4.3%
Internal Audit and Risk Management	3.6	9.6	8.3	9.1	35.5%	3.5%	10.6	11.0	11.7	8.8%	4.1%
Office Accommodation	31.6	29.1	23.2	32.1	0.5%	13.1%	34.0	35.6	37.5	5.3%	13.4%
<b>Total</b>	<b>188.2</b>	<b>226.8</b>	<b>216.5</b>	<b>251.9</b>	<b>10.2%</b>	<b>100.0%</b>	<b>252.1</b>	<b>259.2</b>	<b>274.6</b>	<b>2.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				32.9			25.0	25.7	(0.1)		

#### Economic classification

<b>Current payments</b>	<b>182.7</b>	<b>211.5</b>	<b>201.5</b>	<b>243.2</b>	<b>10.0%</b>	<b>95.0%</b>	<b>245.9</b>	<b>252.6</b>	<b>267.7</b>	<b>3.3%</b>	<b>97.3%</b>
Compensation of employees	73.9	106.8	106.1	120.6	17.8%	46.1%	115.0	120.1	126.7	1.6%	46.5%
Goods and services	108.7	104.6	95.4	122.5	4.1%	48.8%	130.9	132.6	141.1	4.8%	50.8%
of which:											
Computer services	10.6	7.5	14.2	9.7	-3.2%	4.8%	11.2	10.5	11.1	4.7%	4.1%
Consultants and professional services:	7.5	8.9	4.1	4.6	-15.1%	2.8%	10.8	6.4	7.3	16.9%	2.8%
Business and advisory services											
Contractors	3.7	1.2	2.9	5.1	10.6%	1.5%	4.8	3.3	2.8	-17.9%	1.5%
Inventory: Materials and supplies	0.0	0.1	0.0	0.0	15.9%	-	0.0	0.0	0.0	6.7%	-
Interest and rent on land	0.1	0.1	-	-	-100.0%	-	-	-	-	-	-

**Table 3.5 Administration**

Economic Classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>7.2</b>	<b>1.1</b>	<b>0.1</b>	<b>-5.9%</b>	<b>1.0%</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>1.3%</b>	<b>-</b>
Provinces and municipalities	0.0	0.0	0.0	0.1	84.2%	-	0.1	0.1	0.1	1.3%	-
Households	0.1	7.2	1.1	-	-100.0%	0.9%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>5.1</b>	<b>7.0</b>	<b>13.0</b>	<b>7.8</b>	<b>15.5%</b>	<b>3.7%</b>	<b>6.1</b>	<b>6.4</b>	<b>6.8</b>	<b>-4.5%</b>	<b>2.6%</b>
Machinery and equipment	5.1	7.0	13.0	7.0	11.7%	3.6%	5.1	6.4	6.8	-1.2%	2.4%
Software and other intangible assets	-	-	-	0.8	-	0.1%	1.0	-	-	-100.0%	0.2%
<b>Payments for financial assets</b>	<b>0.3</b>	<b>1.2</b>	<b>0.9</b>	<b>0.8</b>	<b>43.3%</b>	<b>0.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>
<b>Total</b>	<b>188.2</b>	<b>226.8</b>	<b>216.5</b>	<b>251.9</b>	<b>10.2%</b>	<b>100.0%</b>	<b>252.1</b>	<b>259.2</b>	<b>274.6</b>	<b>2.9%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.4%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.4%</b>			<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>		

**Details of selected transfers and subsidies**

Households											
Social benefits											
Current											
	0.1	7.2	1.1	-	-100.0%	0.9%	-	-	-	-	-
Employee social benefits	0.1	7.2	1.1	-	-100.0%	0.9%	-	-	-	-	-

**Personnel information****Table 3.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Administration	Salary level	Number of posts estimated for 31 March 2014	Number of posts funded	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
					Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
					2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
					Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
	294	-				271	106.1	0.4	294	120.6	0.4	294	115.0	0.4	294	120.1	0.4	294	126.7	0.4	-	100.0%
	1-6	128	-			123	20.3	0.2	128	22.1	0.2	128	20.0	0.2	128	22.3	0.2	128	23.6	0.2	-	43.5%
	7-10	65	-			58	15.4	0.3	65	21.6	0.3	65	15.9	0.2	65	16.9	0.3	65	18.0	0.3	-	22.1%
	11-12	48	-			46	21.0	0.5	48	28.3	0.6	48	28.9	0.6	48	27.4	0.6	48	28.6	0.6	-	16.3%
	13-16	53	-			44	49.4	1.1	53	48.7	0.9	53	50.2	0.9	53	53.5	1.0	53	56.4	1.1	-	18.0%

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

2. Rand million.

**Expenditure trends**

The spending focus over the medium term will continue to be on improving the department's administrative capacity and governance, and providing for property management costs and operating leases associated with the department's office accommodation. This is the reason for the increase in spending on compensation of employees and goods and services over this period. The fluctuating spending in the *Corporate Services* subprogramme between 2010/11 and 2013/14 was mainly due to the personnel changes caused by the departmental restructuring in 2009 and the security personnel whose contracts end in March 2014.

Spending on property payments and travel and subsistence for the personnel monitoring the implementation of the local government turnaround strategy in the office of the chief operations officer are the reasons for the significant proportion of the department's budget spent on goods and services over the medium term. The increase in property payments between 2010/11 and 2013/14 was to cover property management and operating lease costs to accommodate the increase in personnel needed to support the implementation and monitoring of the community work programme and the Department of Traditional Affairs. At the end of November 2013, the programme had a funded establishment of 294 posts, all of which were filled.

Spending on consultants over the MTEF period provides for legal work emanating from litigation relating to traditional disputes and claims, conducting internal and external monitoring, and reviewing performance reporting and evaluation within the department and municipalities. The department does not have internal capacity to perform these functions.

## Programme 2: Policy, Research and Knowledge Management

### Objectives

- Improve service delivery by providing quarterly evidence based research and policy analyses to inform policy making.
- Improve accountability in municipalities and efficiency in the department's operations through monitoring mechanisms, systems and structures that will enable an integrated service delivery by implementing the knowledge and information management strategy, which includes managing and promoting the local government resource centre, by March 2015.

### Subprogrammes

- *Management: Research and Policy* provides strategic leadership to the programme to ensure compliance and the achievement of department targets in line with broader government priorities. This subprogramme had a staff complement of 3 at the end of November 2013.
- *Policy and Research Methods* provides technical policy and research support to the department aimed at improving the service delivery performance of municipalities, fosters compliance with legislation, and conducts research on key challenges facing local government. Weekly research alerts are also provided to the department, highlighting events in the municipal and provincial environment regarding service delivery, local economic development and public participation matters, and profiles of municipalities are developed and updated in support of political visits. In 2012/13, an in-depth research report on protests from 2004 to 2010, including case studies of the 2012 Ratanda and Sharpeville protests, was completed. In addition, analyses were completed on the implication of the audit outcomes for 2011/12; a report on infrastructure delivery progress; and 4 research papers on support towards service delivery, financial management and audit outcomes were completed in 2013/14. This subprogramme had a staff complement of 7 at the end of November 2013.
- *Knowledge and Information Management* provides knowledge and information management products and services in the department, and ensures the facilitation of knowledge and information management in local government. In 2012/13, there was an intervention on the development of a corporate portal, 2 business processes were automated and file plans and a legal library were established. The key outputs for 2013/14 included the development and launch of the Cogtanet corporate portal as a platform to improve internal knowledge and information sharing and the implementation of electronic boardroom and correspondence processes to enhance the business operation and promote efficiencies. This subprogramme had a staff complement of 16 at the end of November 2013.

### Expenditure estimates

**Table 3.7 Policy, Research and Knowledge Management**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Management: Research and Policy	1.9	2.8	3.2	5.8	45.6%	19.0%	4.3	5.1	5.4	-2.1%	22.5%
Policy and Research Methods	1.8	6.6	5.8	6.5	54.5%	28.8%	6.8	6.6	7.0	2.6%	29.3%
Knowledge and Information Management	13.2	7.8	8.1	8.2	-14.5%	52.2%	10.0	12.6	13.4	17.6%	48.2%
<b>Total</b>	<b>16.8</b>	<b>17.2</b>	<b>17.1</b>	<b>20.5</b>	<b>6.8%</b>	<b>100.0%</b>	<b>21.1</b>	<b>24.3</b>	<b>25.8</b>	<b>8.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(29.0)			(31.3)	(32.5)	(0.0)		

Table 3.7 Policy, Research and Knowledge Management

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million	16.8	17.1	16.9	20.5	6.9%	99.6%	21.1	24.3	25.8	8.0%	100.0%
<b>Current payments</b>	<b>16.8</b>	<b>17.1</b>	<b>16.9</b>	<b>20.5</b>	<b>6.9%</b>	<b>99.6%</b>	<b>21.1</b>	<b>24.3</b>	<b>25.8</b>	<b>8.0%</b>	<b>100.0%</b>
Compensation of employees	12.3	12.4	11.8	12.2	-0.5%	68.0%	9.7	14.4	15.5	8.6%	56.5%
Goods and services	4.5	4.7	5.1	8.4	23.1%	31.6%	11.4	9.9	10.3	7.1%	43.5%
of which:											
Computer services	–	0.3	0.0	0.9	–	1.7%	1.0	1.8	1.8	26.1%	6.0%
Consultants and professional services:	1.6	1.8	1.3	1.5	-1.1%	8.7%	3.6	2.5	3.0	24.6%	11.6%
Business and advisory services											
Contractors	0.0	0.0	0.1	0.1	60.9%	0.2%	0.1	0.1	0.0	-0.7%	0.2%
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>–</b>	<b>-100.0%</b>	<b>0.4%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.0	0.1	0.1	–	-100.0%	0.4%	–	–	–	–	–
<b>Total</b>	<b>16.8</b>	<b>17.2</b>	<b>17.1</b>	<b>20.5</b>	<b>6.8%</b>	<b>100.0%</b>	<b>21.1</b>	<b>24.3</b>	<b>25.8</b>	<b>8.0%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>			<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>		

## Personnel information

Table 3.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Policy, Research and Knowledge Management	Number of posts estimated for 31 March 2014	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate					Average growth rate (%)	Salary level/total: Average (%)				
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost	Unit Cost	Number	Cost	Unit Cost	
Salary level	26	–	24	11.8	0.5	26	12.2	0.5	26	9.7	0.4	26	14.4	0.6	26	15.5	0.6	–	100.0%
1 – 6	9	–	9	2.7	0.3	9	1.7	0.2	9	2.1	0.2	9	3.1	0.3	9	3.6	0.4	–	34.6%
7 – 10	6	–	6	1.9	0.3	6	2.4	0.4	6	2.9	0.5	6	3.4	0.6	6	3.6	0.6	–	23.1%
11 – 12	6	–	5	2.7	0.5	6	3.3	0.6	6	0.9	0.1	6	3.9	0.6	6	4.0	0.7	–	23.1%
13 – 16	5	–	4	4.5	1.1	5	4.8	1.0	5	3.7	0.7	5	4.1	0.8	5	4.3	0.9	–	19.2%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing technical policy and research support to the department to improve the service delivery performance of municipalities, and conducting research on key challenges facing local government in the *Knowledge and Information* subprogramme. In addition, the department will continue to focus on managing and promoting the local government resources centre as a single repository for local government information and knowledge. Consultants perform the work related to managing the centre, developing the corporate knowledge management portal and setting up a legal library. Thus spending on consultants over the MTEF period is expected to increase at an average annual rate of 24.6 per cent. The number of personnel in this programme is expected to remain at 26 over the MTEF period.

The increase in expenditure between 2010/11 to 2013/14 in the *Policy and Research Methods* subprogramme at an average annual rate of 54.5 per cent was mainly due to the ongoing research at provincial and local government.

## Programme 3: Governance and Intergovernmental Relations

### Objectives

- Strengthen intergovernmental fiscal relations by managing the municipal infrastructure, municipal systems improvement and local government equitable share grants in line with the Division of Revenue Act (2013) on an ongoing basis.
- Support municipalities' efforts to increase revenue by monitoring the implementation of the Municipal Property Rates Act (2004) and, where required, providing guidance to municipalities, by March 2015.

- Strengthen the capacity and functionality of ward committees by providing support to municipalities in the development and implementation of ward level operational plans by March 2015.
- Contribute to the reduction of incidences of corruption in municipalities by forming ethics committees in municipalities, which will ensure that allegations of corruption are investigated and concluded, by March 2015.
- Contribute to the improvement of local government audit outcomes by providing technical support to municipalities to implement post-audit action plans that will improve financial management, revenue enhancement and audit outcomes in local government by March 2015.
- Strengthen coordination and cooperation in intergovernmental relations by finalising functionality assessments of intergovernmental structures at each sphere of government and produce guidelines that will improve their coordination abilities, by March 2015.

## Subprogrammes

- *Management: Governance* provides strategic leadership by planning, monitoring and coordinating the deliverables of the programme, such as to strengthen intergovernmental fiscal relations, intergovernmental relations and support local government with the aim of improving the audit outcomes. This subprogramme had a staff complement of 12 at the end of November 2013.
- *Intergovernmental Relations Coordination* administers the Intergovernmental Relations Framework Act (2005). In 2012/13, key outputs included a bill on support, monitoring and intervention being submitted to Cabinet and the finalisation of a report on the functionality of the structure of district intergovernmental relations. In 2013/14, a key activity was the continuation of the assessment of the functionality of intergovernmental relations structures across each sphere of government. Functionality guidelines with performance indicators were also drafted for district municipalities. This subprogramme had a staff complement of 8 at the end of November 2013.
- *Intergovernmental Fiscal Relations* strengthens intergovernmental fiscal relations through local government equitable share transfers, manages the municipal infrastructure grant and municipal systems improvement grant transfers to municipalities, and manages the Municipal Property Rates Act (2004). In 2012/13, key activities included finalising draft amendments to the Municipal Property Rates Act (2004) and paying non-returning councillors. Key activities in 2013/14 included providing support to Parliament in processing the Municipal Property Rates Amendment Bill after Cabinet had approved the bill. This subprogramme had a staff complement of 18 at the end of November 2013.
- *Governance and Public Participation* promotes an environment for good governance and public participation by supporting provinces and municipalities to strengthen their governance and coordinating capabilities. In 2012/13, the key activities were the training of ward committee members and the assessment of the functionality of ward committees. A key output in 2013/14 was the submission of the Intergovernmental Monitoring, Support and Intervention Bill to Cabinet. This subprogramme had a staff complement of 5 at the end of November 2013.
- *South African Local Government Association* transfers funds to the South African Local Government Association, a recognised local government body in terms of the Organised Local Government Act (1997). Transfers are used by the association to fund operational activities, including capacity building programmes for councillors, local government research, and knowledge sharing initiatives. This subprogramme's total budget is transferred in full to the association.
- *Municipal Demarcation Board* transfers funds to the Municipal Demarcation Board, which is a constitutional body established in terms of the Municipal Demarcation Board Act (1998). The board uses the transfers to fund operational activities, including capacity assessments, ward delimitation and boundary redetermination. This subprogramme's total budget is transferred in full to the board.
- *South African Cities Network* transfers funds to the South African Cities Network, which enables cooperation between South African cities and maximises benefits through the exchange of information. This subprogramme's total budget is transferred in full to the network.
- *United Cities and Local Government of Africa* transfers funds to United Cities and Local Government of Africa, an association of municipalities and national regional local government associations in Africa. The association aims to enhance cooperation and knowledge sharing among local governments in Africa to improve the delivery of services to communities across the continent. This subprogramme's total budget is transferred in full to the association.

- *Local Government Equitable Share* is the share of nationally raised revenue, which is payable to the local government sphere in terms of section 214 of the Constitution. This transfer supplements municipal revenue for the provision of free basic services to poor households, and the funding of institutional capacity and support to weaker municipalities in poorer areas. This subprogramme's total budget is transferred in full to the municipalities.

## Expenditure estimates

**Table 3.9 Governance and Intergovernmental Relations**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14					2013/14 - 2016/17	
Management: Governance	18.5	4.1	4.5	8.9	-21.6%	-	16.5	17.2	18.1	26.5%	-
Intergovernmental Relations Coordination	1.5	3.6	5.6	6.5	64.6%	-	9.9	10.3	11.0	19.2%	-
Intergovernmental Fiscal Relations	8.4	17.4	141.0	27.3	48.3%	0.1%	13.1	13.7	14.6	-18.8%	-
Governance and Public Participation	1.0	2.8	2.9	6.0	83.0%	-	6.3	6.6	7.0	5.2%	-
South African Local Government Association	49.1	25.5	26.7	26.0	-19.1%	0.1%	26.9	27.9	29.3	4.1%	0.1%
Municipal Demarcation Board	37.2	38.5	40.4	42.2	4.3%	0.1%	44.2	45.8	48.2	4.6%	0.1%
South African Cities Network	5.1	5.3	3.7	5.8	4.3%	-	6.1	6.3	6.6	4.6%	-
United Cities and Local Government of Africa	2.4	0.4	-	5.3	31.1%	-	5.6	5.8	6.1	4.6%	-
Local Government Equitable Share	30 540.6	33 173.2	37 139.5	40 595.0	10.0%	99.6%	44 490.1	50 207.7	52 868.7	9.2%	99.7%
<b>Total</b>	<b>30 663.7</b>	<b>33 270.8</b>	<b>37 364.2</b>	<b>40 722.9</b>	<b>9.9%</b>	<b>100.0%</b>	<b>44 618.8</b>	<b>50 341.3</b>	<b>53 009.6</b>	<b>9.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				16.2			(2.0)	(2.0)	0.2		
<b>Economic classification</b>											
<b>Current payments</b>	<b>29.3</b>	<b>22.9</b>	<b>23.3</b>	<b>33.7</b>	<b>4.7%</b>	<b>0.1%</b>	<b>45.8</b>	<b>47.8</b>	<b>50.6</b>	<b>14.6%</b>	<b>0.1%</b>
Compensation of employees	18.3	17.3	18.8	22.3	6.9%	0.1%	25.7	26.9	28.7	8.7%	0.1%
Goods and services	11.1	5.6	4.6	11.3	0.7%	-	20.2	20.9	21.9	24.7%	-
of which:											
Computer services	-	0.1	-	0.4	-	-	0.3	0.2	0.2	-15.1%	-
Consultants and professional services:	3.4	3.0	1.2	2.9	-5.3%	-	7.9	7.2	8.5	42.8%	-
Business and advisory services											
Contractors	0.5	-	-	0.7	9.8%	-	1.2	2.1	1.3	21.8%	-
<b>Transfers and subsidies</b>	<b>30 634.3</b>	<b>33 247.8</b>	<b>37 340.8</b>	<b>40 689.3</b>	<b>9.9%</b>	<b>99.9%</b>	<b>44 572.9</b>	<b>50 293.4</b>	<b>52 959.0</b>	<b>9.2%</b>	<b>99.9%</b>
Provinces and municipalities	30 540.6	33 173.2	37 139.5	40 595.0	10.0%	99.6%	44 490.1	50 207.7	52 868.7	9.2%	99.7%
Departmental agencies and accounts	86.3	64.0	67.1	68.2	-7.6%	0.2%	71.1	73.6	77.6	4.4%	0.2%
Non-profit institutions	7.5	5.7	3.7	11.1	14.2%	-	11.7	12.1	12.7	4.6%	-
Households	-	4.9	130.6	15.0	-	0.1%	-	-	-	-100.0%	-
<b>Total</b>	<b>30 663.7</b>	<b>33 270.8</b>	<b>37 364.2</b>	<b>40 722.9</b>	<b>9.9%</b>	<b>100.0%</b>	<b>44 618.8</b>	<b>50 341.3</b>	<b>53 009.6</b>	<b>9.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>73.3%</b>	<b>72.0%</b>	<b>69.9%</b>	<b>69.7%</b>			<b>70.6%</b>	<b>72.3%</b>	<b>71.4%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Provinces and municipalities</b>											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	<b>30 540.6</b>	<b>33 173.2</b>	<b>37 139.5</b>	<b>40 595.0</b>	<b>10.0%</b>	<b>99.6%</b>	<b>44 490.1</b>	<b>50 207.7</b>	<b>52 868.7</b>	<b>9.2%</b>	<b>99.7%</b>
Local Government Equitable Share	30 540.6	33 173.2	37 139.5	40 595.0	10.0%	99.6%	44 490.1	50 207.7	52 868.7	9.2%	99.7%
<b>Non-profit institutions</b>											
<b>Current</b>	<b>7.5</b>	<b>5.7</b>	<b>3.7</b>	<b>11.1</b>	<b>14.2%</b>	<b>-</b>	<b>11.7</b>	<b>12.1</b>	<b>12.7</b>	<b>4.6%</b>	<b>-</b>
South African Cities Network	5.1	5.3	3.7	5.8	4.3%	-	6.1	6.3	6.6	4.6%	-
United Cities and Local Government of Africa	2.4	0.4	-	5.3	31.1%	-	5.6	5.8	6.1	4.6%	-
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>-</b>	<b>4.9</b>	<b>130.6</b>	<b>15.0</b>	<b>-</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
Ex-Councillors	-	4.9	130.6	15.0	-	0.1%	-	-	-	-100.0%	-
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>86.3</b>	<b>64.0</b>	<b>67.1</b>	<b>68.2</b>	<b>-7.6%</b>	<b>0.2%</b>	<b>71.1</b>	<b>73.6</b>	<b>77.6</b>	<b>4.4%</b>	<b>0.2%</b>
South African Local Government Association	49.1	25.5	26.7	26.0	-19.1%	0.1%	26.9	27.9	29.3	4.1%	0.1%
Municipal Demarcation Board	37.2	38.5	40.4	42.2	4.3%	0.1%	44.2	45.8	48.2	4.6%	0.1%

## Personnel information

**Table 3.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
Governance and Intergovernmental Relations		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	43	-	38	18.8	0.5	43	22.3	0.5	44	25.7	0.6	44	26.9	0.6	44	28.7	0.7	0.8%	100.0%
1 – 6	5	-	4	0.1	0.0	5	1.5	0.3	5	0.8	0.2	5	1.0	0.2	5	1.1	0.2	-	11.4%
7 – 10	8	-	8	1.4	0.2	8	2.9	0.4	9	2.9	0.3	9	3.1	0.3	9	3.3	0.4	4.0%	20.0%
11 – 12	14	-	12	2.2	0.2	14	3.2	0.2	14	7.9	0.6	14	8.5	0.6	14	8.9	0.6	-	32.0%
13 – 16	16	-	14	15.1	1.1	16	14.8	0.9	16	14.0	0.9	16	14.3	0.9	16	15.4	1.0	-	36.6%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on monitoring and supporting municipalities through municipal infrastructure grant expenditure engagements. Conducted by the *Intergovernmental Fiscal Relations* and *Governance and Public Relations* subprogramme, the engagements include project appraisals at district level and monthly coordination meetings. The department will also continue with the development of regulations and guidelines and will conduct workshops to assist municipalities to implement the Municipal Property Rates Amendment Bill to enhance municipal revenue collection. The department engages consultants to perform the municipal engagements and workshops. This involves the hiring of venues and facilities, the evaluation of valuation rolls and the provision of transaction advisory services for the rollout of smart metres by local government. This explains the significant increase in spending on consultants within goods and services over the MTEF period.

The local government equitable share, transferred to municipalities to fund the provision of free basic services to poor households, is the largest contributor to this programme, making up 99.7 per cent of the programme's budget in 2013/14. Municipalities were allocated additional funding after the introduction of a new formula in July 2013 that provides for improved funding to municipalities with higher poverty rates. The new formula will be phased in over a five-year period to mitigate the impact of the change.

The increase in spending in the *Intergovernmental Fiscal Relations* subprogramme in 2012/13 was due to a rollover allocation and a budget augmentation in the 2013 adjustment process for a once-off payment to non-returning councillors whose term ended after the May 2011 local government elections.

## Programme 4: National Disaster Management Centre

### Objectives

- Support the establishment and operation of effective fire services and disaster management by :
  - enhancing the fire services legislative framework by developing a draft Fire Services Bill by March 2015, to ensure that the legislation is responsive to the changing conditions in the sector
  - ensuring the promulgation of the Disaster Management Amendment Bill by March 2015.
- Enhance and strengthen capacity in the disaster risk management fraternity by developing and implementing an integrated national disaster risk management education and training framework by March 2015.
- Create public awareness of disaster reduction by rolling out the disaster risk reduction advocacy and awareness programmes, such as the International Day for Disaster Reduction in provinces by March 2015.

### Subprogrammes

- *Management: Head of Disaster* provides strategic leadership to the programme. This subprogramme had a staff complement of 5 at the end of November 2013.

- *Legislation, Policy and Compliance Management* develops and provides implementation support for disaster management and fire service policies and legislative frameworks across all spheres of government. In 2012/13, key activities were related to the development of the draft Disaster Management Amendment Bill, which was submitted to Cabinet and published in the Government Gazette and national newspapers. A discussion paper on fire brigade services was also published for public comment. In 2013/14, the focus was on continuing to provide support to establish and operationalise disaster management centres, and developing a white paper on fire brigade services. This subprogramme had a staff complement of 6 at the end of November 2013.
- *Planning Coordination and Support* develops and implements disaster management operational systems and coordinates disaster management capacity building and strategic research across all three spheres of government. In 2012/13, the focus was on the provision of disaster risk management bursaries to 15 new and 7 second-year students pursuing a master's degree in disaster management; rolling out public awareness campaigns; funding *Jambá*, a journal of disaster risk studies; enhancing the national disaster risk management education and training framework; and engaging the services of consultants for the independent assessment and verification of disaster damages and aerial support to municipalities. In 2013/14, the disaster management plan and national disaster risk management education and training framework were developed. In addition, there was another student intake for the national disaster management centre bursary and studentship scheme. This subprogramme had a staff complement of 12 at the end of November 2013.
- *Intelligence and Information Systems Management* guides the development of a comprehensive information management and communication system and establishes integrated communication links with all disaster risk management role players. In 2012/13, an early warning and capability management system to ascertain national indicative risk in terms of flooding was developed. In 2013/14, the focus was on developing the ICT strategic plan for the national disaster management centre to foster a closer relationship between the branch's business and its ICT unit, to translate the business objectives into ICT initiatives, and to detail a list of ICT initiatives in support of the business strategy. This subprogramme had a staff complement of 11 at the end of November 2013.
- *Disaster Relief Transfers* is a conditional grant that aims to provide immediate relief after disasters without any scientific assessment. Transfers are made only when a disaster has been declared. In 2012/13, transfers for disasters that occurred in Limpopo and Mpumalanga amounted to R47 million. In 2013/14, KwaZulu-Natal, Limpopo and North West received transfers for disasters of R34.1 million, R87.7 million and R43.6 million.
- *Municipal Disaster Recovery Grant* is a conditional grant, which aims to repair infrastructure damaged by disasters that occurred in 2009 and 2010 in Limpopo, KwaZulu-Natal and Western Cape.

## Expenditure estimates

**Table 3.11 National Disaster Management Centre**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Management: Head of Disaster	8.6	8.6	8.2	7.8	-3.5%	2.8%	6.0	6.3	6.7	-4.6%	1.0%
Legislation, Policy and Compliance Management	41.2	6.5	6.4	7.6	-43.1%	5.2%	6.2	6.5	6.9	-3.2%	1.0%
Planning Coordination and Support	1.6	12.8	10.1	13.5	103.5%	3.2%	13.9	14.3	15.2	4.1%	2.1%
Intelligence and Information Systems Management	16.7	5.5	15.4	23.7	12.3%	5.2%	26.4	27.4	28.9	6.9%	4.0%
Disaster Relief Transfers	214.9	47.3	74.0	534.6	35.5%	73.6%	561.0	580.8	611.5	4.6%	85.3%
Municipal Disaster Recovery Grant	-	-	-	118.3	-	10.0%	37.3	21.8	-	-100.0%	6.6%
<b>Total</b>	<b>283.1</b>	<b>80.7</b>	<b>114.1</b>	<b>705.4</b>	<b>35.6%</b>	<b>100.0%</b>	<b>650.8</b>	<b>657.1</b>	<b>669.3</b>	<b>-1.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				120.3			37.3	21.8	(0.0)		

**Table 3.11 National Disaster Management Centre**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
<b>Current payments</b>	<b>56.9</b>	<b>32.9</b>	<b>37.6</b>	<b>50.3</b>	<b>-4.1%</b>	<b>15.0%</b>	<b>50.2</b>	<b>52.1</b>	<b>55.1</b>	<b>3.1%</b>	<b>7.7%</b>
Compensation of employees	6.6	16.0	19.9	19.9	44.5%	5.3%	20.8	21.9	23.4	5.5%	3.2%
Goods and services	50.3	16.9	17.7	30.4	-15.5%	9.7%	29.4	30.2	31.8	1.5%	4.5%
<i>of which:</i>											
Computer services	21.2	9.2	3.7	7.1	-30.7%	3.5%	7.6	8.0	8.5	6.3%	1.2%
Consultants and professional services:	11.2	0.9	6.2	8.9	-7.4%	2.3%	14.3	14.2	14.7	18.5%	1.9%
Business and advisory services											
Contractors	0.2	-	0.1	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>214.4</b>	<b>47.3</b>	<b>74.2</b>	<b>652.9</b>	<b>44.9%</b>	<b>83.6%</b>	<b>598.3</b>	<b>602.6</b>	<b>611.5</b>	<b>-2.2%</b>	<b>91.9%</b>
Provinces and municipalities	214.4	47.3	74.0	652.9	44.9%	83.6%	598.3	602.6	611.5	-2.2%	91.9%
Households	-	-	0.2	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>11.8</b>	<b>0.5</b>	<b>2.3</b>	<b>2.2</b>	<b>-43.0%</b>	<b>1.4%</b>	<b>2.3</b>	<b>2.4</b>	<b>2.6</b>	<b>5.8%</b>	<b>0.4%</b>
Machinery and equipment	11.8	0.5	2.3	2.2	-43.0%	1.4%	2.3	2.4	2.6	5.8%	0.4%
<b>Total</b>	<b>283.1</b>	<b>80.7</b>	<b>114.1</b>	<b>705.4</b>	<b>35.6%</b>	<b>100.0%</b>	<b>650.8</b>	<b>657.1</b>	<b>669.3</b>	<b>-1.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.7%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>1.2%</b>			<b>1.0%</b>	<b>0.9%</b>	<b>0.9%</b>		

**Details of selected transfers and subsidies**

Provinces and municipalities											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	-	32.1	73.2	346.5	-	38.2%	363.6	376.4	396.4	4.6%	55.3%
Municipal Disaster Grant	-	32.1	73.2	346.5	-	38.2%	363.6	376.4	396.4	4.6%	55.3%
<b>Capital</b>	-	-	-	118.3	-	10.0%	37.3	21.8	-	-100.0%	6.6%
Municipal Disaster Recovery Grant	-	-	-	118.3	-	10.0%	37.3	21.8	-	-100.0%	6.6%
<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Current</b>	214.4	15.1	0.9	188.1	-4.3%	35.4%	197.4	204.3	215.2	4.6%	30.0%
Provincial Disaster Grant	214.4	15.1	0.9	188.1	-4.3%	35.4%	197.4	204.3	215.2	4.6%	30.0%

**Personnel information**

**Table 3.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

National Disaster Management Centre	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Salary level	34	-	30	19.9	0.7	34	19.9	0.6	34	20.8	0.6	34	21.9	0.6	34	23.4	0.7	-	100.0%
1 - 6	3	-	2	0.4	0.2	3	0.5	0.2	3	0.4	0.1	3	0.4	0.1	3	0.4	0.1	-	8.8%
7 - 10	11	-	9	3.2	0.4	11	3.2	0.3	11	3.3	0.3	11	3.5	0.3	11	3.7	0.3	-	32.4%
11 - 12	8	-	8	4.5	0.6	8	5.1	0.6	8	4.8	0.6	8	5.1	0.6	8	5.4	0.7	-	23.5%
13 - 16	12	-	11	11.9	1.1	12	11.1	0.9	12	12.4	1.0	12	13.0	1.1	12	13.9	1.2	-	35.3%

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

2. Rand million.

**Expenditure trends**

The spending focus over the medium term will be on providing immediate relief for disasters through the disaster relief conditional grant, which is transferred to provinces affected by disasters. The grant is transferred through the *Disaster Relief Transfers* subprogramme, which is the biggest spending item over the medium term. The grant allows provinces and municipalities to respond timeously to the immediate needs of affected communities after disasters have occurred. The disaster relief envisaged would include the repair of infrastructure that supports basic services and the provision of environmental health and humanitarian relief within three months following the declaration. Over the medium term, expenditure in the *Disaster Relief Transfer* subprogramme is expected to increase to R611.5 million, at an average annual rate of 4.6 per cent. The

introduction of the municipal disaster recovery grant includes funding for ongoing municipal disaster recovery in Limpopo, KwaZulu-Natal and Western Cape for disasters that occurred in 2009 and 2010.

Spending on consultants over the MTEF period will be to assist with the development of the monitoring and evaluation system for post-disaster recovery and rehabilitation funding, and to provide an independent assessment and verification of damages after the declaration of a disaster.

## **Programme 5: Provincial and Municipal Government Systems**

### **Objectives**

- Support provinces in discharging their mandate towards local government by implementing the diagnostic report on provincial institutional capacity to support local government, and preparing an action plan by March 2015.
- Enhance the capacity of municipalities by developing and implementing uniform standard systems and procedures for municipal staff, as per the revised Municipal Systems Act (2013), by March 2015.
- Ensure the integrated provision of services to communities by facilitating focused capacity building support interventions in 136 municipalities to implement the revised integrated development plans, by March 2015.
- Enhance the planning, programme and project management capacity of municipalities by institutionalising the geographic information system and provide training on data packaging that will assist municipalities with the effective execution of service delivery projects, by March 2015.

### **Subprogrammes**

- *Management: Provincial and Local Government Support* provides strategic leadership to the programme. This subprogramme had a staff complement of 4 at the end of November 2013.
- *Provincial Government Support and Intervention* aims to strengthen provincial government policies and governance systems. In 2012/13, an institutional capacity assessment of the provincial departments responsible for local government was conducted, and the guidelines on provincial monitoring of municipalities and non-performance and maladministration in terms of sections 105 and 106 of the Municipal Systems Act (2000) were developed. In 2013/14, provinces were supported in implementing these guidelines. Workshops were also held to improve development planning and monitoring capacity to support a differentiated approach to municipal planning. This subprogramme had a staff complement of 12 at the end of November 2013.
- *Local Government Support and Intervention* provides uniform norms and standards for human resources in local public administration and coordinates the implementation of capacity building programmes within local government. In 2012/13, draft regulations setting uniform standards for all municipal employees were developed. Municipalities were also supported through workshops to develop and implement recruitment and retention strategies. In 2013/14, the key focus was on the implementation of the human resource related regulations emanating from the revised Municipal Systems Act (2000), and the coordination and facilitation of capacity building initiatives. This subprogramme had a staff complement of 16 at the end of November 2013.
- *Development Planning* provides support to provinces and municipalities to strengthen intergovernmental planning and attain development planning outcomes. In 2012/13, the focus was on finalising the revised integrated development plan framework and providing support to provinces in conducting integrated development plan assessments. In 2013/14, the key focus was on the development of an urban development concept paper and the establishment of a panel of experts to manage the integrated urban development framework and revised integrated development plan framework. This subprogramme had a staff complement of 19 at the end of November 2013.
- *Municipal Systems Improvement Grant* makes transfers to assist municipalities in building in-house capacity to perform functions, and to stabilise institutional and governmental systems. This subprogramme's total budget is transferred in full to the municipalities.

## Expenditure estimates

Table 3.13 Provincial and Municipal Government Systems

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Management: Provincial and Local Government Support	2.2	9.7	13.6	5.0	31.1%	2.9%	6.7	7.0	7.4	14.0%	2.2%
Provincial Government Support and Intervention	28.7	6.8	6.5	7.1	-37.1%	4.7%	7.4	7.7	8.2	4.6%	2.6%
Local Government Support and Intervention	0.5	7.3	14.9	15.6	213.6%	3.6%	14.9	15.9	16.8	2.4%	5.3%
Development Planning	1.1	8.4	9.2	13.5	130.1%	3.1%	8.4	8.6	9.2	-12.1%	3.3%
Municipal Systems Improvement Grant	212.0	220.2	230.1	240.3	4.3%	85.7%	252.2	261.1	274.9	4.6%	86.6%
<b>Total</b>	<b>244.5</b>	<b>252.4</b>	<b>274.3</b>	<b>281.6</b>	<b>4.8%</b>	<b>100.0%</b>	<b>289.5</b>	<b>300.3</b>	<b>316.5</b>	<b>4.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				9.6			3.3	3.5	-		

## Economic classification

<b>Current payments</b>	<b>32.5</b>	<b>32.2</b>	<b>44.0</b>	<b>41.2</b>	<b>8.2%</b>	<b>14.2%</b>	<b>37.3</b>	<b>39.1</b>	<b>41.5</b>	<b>0.2%</b>	<b>13.4%</b>
Compensation of employees	27.4	22.9	26.7	22.3	-6.7%	9.4%	24.5	25.6	27.3	6.9%	8.4%
Goods and services	5.1	9.3	17.3	18.9	55.3%	4.8%	12.8	13.5	14.2	-9.1%	5.0%
<i>of which:</i>											
Computer services	0.2	0.1	0.8	0.1	-22.4%	0.1%	0.1	0.1	0.1	5.3%	-
Consultants and professional services: Business and advisory services	0.6	1.1	6.4	10.3	165.2%	1.7%	7.3	7.7	8.0	-8.1%	2.8%
Contractors	0.0	0.3	0.3	3.1	576.4%	0.3%	0.1	0.1	0.1	-71.7%	0.3%
<b>Transfers and subsidies</b>	<b>212.0</b>	<b>220.2</b>	<b>230.1</b>	<b>240.3</b>	<b>4.3%</b>	<b>85.7%</b>	<b>252.2</b>	<b>261.1</b>	<b>274.9</b>	<b>4.6%</b>	<b>86.6%</b>
Provinces and municipalities	212.0	220.2	230.1	240.3	4.3%	85.7%	252.2	261.1	274.9	4.6%	86.6%
<b>Payments for capital assets</b>	<b>-</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>3.2%</b>	<b>-</b>
Machinery and equipment	-	0.0	0.2	0.1	-	-	0.1	0.1	0.1	3.2%	-
<b>Total</b>	<b>244.5</b>	<b>252.4</b>	<b>274.3</b>	<b>281.6</b>	<b>4.8%</b>	<b>100.0%</b>	<b>289.5</b>	<b>300.3</b>	<b>316.5</b>	<b>4.0%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>			<b>0.5%</b>	<b>0.4%</b>	<b>0.4%</b>		

## Details of selected transfers and subsidies

Provinces and municipalities											
Municipalities											
Municipal bank accounts											
Current	212.0	220.2	230.1	240.3	4.3%	85.7%	252.2	261.1	274.9	4.6%	86.6%
Municipal Systems Improvement Grant	212.0	220.2	230.1	240.3	4.3%	85.7%	252.2	261.1	274.9	4.6%	86.6%

## Personnel information

Table 3.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Provincial and Municipal Government Systems	Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment														Number		
		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17		
Salary level	51																	
1 - 6	7																	
7 - 10	17																	
11 - 12	11																	
13 - 16	16																	

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term is on: supporting municipalities to implement the Municipal Systems Act (2000) and build geographic information systems capacity; training officials in municipalities on the development of geographic information systems; reviewing a framework on intergovernmental planning; coordinating and supporting integrated urban development and management across government and various

stakeholders; and monitoring the implementation of regulations. These activities are supported by the increase in spending in the *Local Government Support* and *Intervention and Development Planning* subprogrammes over the medium term.

The programme's allocation is dominated by the *Municipal Systems Improvement Grant* subprogramme, which accounts for 85.3 per cent of the total budget in 2013/14. The grant is used to build in-house capacity in 150 municipalities to perform their legislated functions and to stabilise institutional and governmental systems as required by the Municipal Systems Act (2000).

Spending on consultants is projected to decline over the MTEF period as personnel capacity within the programme has increased and capacity is built within municipalities. The work undertaken by consultants over the MTEF period will be for work related to the implementation of the remuneration framework and the regulation of senior managers at municipalities. This programme has an establishment of 51 funded posts, all of which were filled at the end of November 2013.

## **Programme 6: Infrastructure and Economic Development**

### **Objectives**

- Promote economic development within local government by supporting 25 municipalities with:
  - reviewing municipal local economic development strategies by March 2015
  - developing collaborative partnerships with local private sectors by March 2015
  - promoting a business enabling environment in municipal areas through the red tape reduction programme by March 2015
  - implementing the local economic development strategy by March 2015.
- Contribute to the progressive realisation of access to free basic services by supporting 150 municipalities in the rollout of the national indigent policy for free basic services by March 2015.
- Create work opportunities and provide income security to the unemployed in the most marginalised communities by increasing the number of participants in the community work programme to 362 000 participants by March 2017.

### **Subprogrammes**

- *Management Infrastructure* provides strategic oversight for the programme. This subprogramme had a staff complement of 2 at the end of November 2013.
- *Local Economic Development Planning* supports the planning and implementation of local economic development programmes in provincial and local governments within the national framework. In 2012/13, 3 business development forums were developed in district municipalities and memoranda of understanding were signed with the private sector in a partnership to improve service delivery. In 2013/14, the focus was on the new framework for local economic development, the expansion of the business development forums to new municipalities, the red tape reduction programme in partnership with the Department of Trade and Industry, and the monitoring of the partnerships between private businesses and municipalities. This subprogramme had a staff complement of 13 at the end of November 2013.
- *Infrastructure Development* supports provinces and municipalities with the implementation of the free basic services programme and infrastructure planning that informs capital investment priorities within their integrated development plans. In 2012/13, the subprogramme monitored the implementation of municipal infrastructure grant projects and the rollout of free basic services. In 2013/14, key activities were to support municipalities to improve their non-financial reporting of the municipal infrastructure grant; improve monitoring, reporting and evaluation of the municipal infrastructure grant programme; and improve access to free basic services through better policies for the indigent. This subprogramme had a staff complement of 35 at the end of November 2013.
- *Municipal Infrastructure Grant* makes specific transfers to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure. This subprogramme's total budget is transferred in full to the municipalities.
- *Community Work Programme* is discussed in more detail below.

- *Municipal Infrastructure Support Agency* is discussed in more detail below.

## Expenditure estimates

**Table 3.15 Infrastructure and Economic Development**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
R million											
Management: Infrastructure	19.0	9.0	5.3	3.3	-44.2%	0.1%	13.2	14.7	15.2	66.7%	0.1%
Local Economic Development Planning	0.4	4.9	6.7	8.3	184.8%	-	8.0	8.4	8.9	2.6%	-
Infrastructure Development	1.0	11.5	10.5	12.0	126.1%	0.1%	11.6	11.2	12.1	0.3%	0.1%
Municipal Infrastructure Grant	9 704.3	11 443.5	13 879.2	14 354.5	13.9%	90.8%	14 683.8	15 098.1	15 766.8	3.2%	83.9%
Community Work Programme	449.1	623.5	1 289.9	1 731.3	56.8%	7.5%	2 257.8	2 505.4	3 710.4	28.9%	14.3%
Municipal Infrastructure Support Agency	189.6	192.7	149.7	262.0	11.4%	1.5%	294.2	304.0	319.4	6.8%	1.7%
<b>Total</b>	<b>10 363.4</b>	<b>12 285.1</b>	<b>15 341.3</b>	<b>16 371.4</b>	<b>16.5%</b>	<b>100.0%</b>	<b>17 268.6</b>	<b>17 941.7</b>	<b>19 832.8</b>	<b>6.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				56.2			(107.0)	(324.7)	592.0		

### Economic classification

<b>Current payments</b>	<b>233.5</b>	<b>266.0</b>	<b>1 312.1</b>	<b>1 754.7</b>	<b>95.9%</b>	<b>6.6%</b>	<b>2 290.4</b>	<b>2 539.5</b>	<b>3 746.4</b>	<b>28.8%</b>	<b>14.5%</b>
Compensation of employees	18.5	20.8	33.4	47.8	37.1%	0.2%	60.9	62.9	67.0	11.9%	0.3%
Goods and services	215.0	245.2	1 278.8	1 706.9	99.5%	6.3%	2 229.5	2 476.6	3 679.5	29.2%	14.1%
<i>of which:</i>											
Computer services	-	-	0.4	38.4	-	0.1%	49.1	51.3	54.0	12.0%	0.3%
Consultants and professional services:	210.4	234.9	560.5	36.6	-44.2%	1.9%	37.4	36.7	38.7	1.9%	0.2%
Business and advisory services											
Contractors	-	3.7	709.2	1 190.9	-	3.5%	1 661.0	1 872.6	2 943.5	35.2%	10.7%
Inventory: Materials and supplies	0.0	0.0	-	407.9	7316.0%	0.8%	450.0	480.0	605.4	14.1%	2.7%
<b>Transfers and subsidies</b>	<b>10 129.8</b>	<b>12 019.1</b>	<b>14 029.2</b>	<b>14 616.6</b>	<b>13.0%</b>	<b>93.4%</b>	<b>14 978.0</b>	<b>15 402.1</b>	<b>16 086.2</b>	<b>3.2%</b>	<b>85.5%</b>
Provinces and municipalities	9 704.3	11 443.5	13 879.2	14 354.5	13.9%	90.8%	14 683.8	15 098.1	15 766.8	3.2%	83.9%
Departmental agencies and accounts	-	13.1	149.7	262.0	-	0.8%	294.2	304.0	319.4	6.8%	1.7%
Foreign governments and international organisations	0.1	0.2	0.3	-	-100.0%	-	-	-	-	-	-
Public corporations and private enterprises	189.6	179.7	-	-	-100.0%	0.7%	-	-	-	-	-
Households	235.8	382.7	-	-	-100.0%	1.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>217.5%</b>	<b>-</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4%</b>	<b>-</b>
Machinery and equipment	0.0	0.0	0.0	0.2	217.5%	-	0.2	0.2	0.2	0.4%	-
<b>Total</b>	<b>10 363.4</b>	<b>12 285.1</b>	<b>15 341.3</b>	<b>16 371.4</b>	<b>16.5%</b>	<b>100.0%</b>	<b>17 268.6</b>	<b>17 941.7</b>	<b>19 832.8</b>	<b>6.6%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>24.8%</b>	<b>26.6%</b>	<b>28.7%</b>	<b>28.0%</b>			<b>27.3%</b>	<b>25.8%</b>	<b>26.7%</b>		

### Details of selected transfers and subsidies

<b>Provinces and municipalities</b>											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Capital</b>	<b>9 704.3</b>	<b>11 443.5</b>	<b>13 879.2</b>	<b>14 354.5</b>	<b>13.9%</b>	<b>90.8%</b>	<b>14 683.8</b>	<b>15 098.1</b>	<b>15 766.8</b>	<b>3.2%</b>	<b>83.9%</b>
Municipal infrastructure grant	9 704.3	11 443.5	13 879.2	14 354.5	13.9%	90.8%	14 683.8	15 098.1	15 766.8	3.2%	83.9%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>-</b>	<b>13.1</b>	<b>149.7</b>	<b>262.0</b>	<b>-</b>	<b>0.8%</b>	<b>294.2</b>	<b>304.0</b>	<b>319.4</b>	<b>6.8%</b>	<b>1.7%</b>
Municipal Infrastructure Support Agency	-	13.1	149.7	262.0	-	0.8%	294.2	304.0	319.4	6.8%	1.7%
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	<b>235.8</b>	<b>382.7</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>1.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community Work Programme	235.8	382.7	-	-	-100.0%	1.1%	-	-	-	-	-
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>189.6</b>	<b>179.7</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Municipal Infrastructure Support Agency	189.6	179.7	-	-	-100.0%	0.7%	-	-	-	-	-

## Personnel information

**Table 3.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Infrastructure and Economic Development																			
Salary level	106	-	66	33.4	0.5	80	47.8	0.6	76	60.9	0.8	76	62.9	0.8	76	67.0	0.9	-1.7%	100.0%
1 – 6	13	-	12	2.2	0.2	13	2.6	0.2	13	2.8	0.2	13	2.9	0.2	13	3.0	0.2	-	16.9%
7 – 10	9	-	6	1.5	0.2	8	2.6	0.3	8	2.9	0.4	8	3.0	0.4	8	3.1	0.4	-	10.4%
11 – 12	19	-	8	3.5	0.4	16	9.4	0.6	16	9.7	0.6	16	9.9	0.6	16	10.1	0.6	-	20.8%
13 – 16	65	-	40	26.2	0.7	43	33.1	0.8	39	45.6	1.2	39	47.1	1.2	39	50.8	1.3	-3.2%	51.9%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on monitoring transfers of the municipal infrastructure grant to supplement the capital budgets of municipalities to eradicate backlogs in municipal infrastructure. The grant made up 90.8 per cent of programme expenditure between 2010/11 and 2013/14. The department will also focus on supporting the Municipal Infrastructure Support Agency, which deploys specialist technical experts to targeted municipalities to assist them with project planning, implementation and infrastructure asset management, and providing capacity building programmes for technical staff in municipalities.

Expenditure in the *Community Work Programme* subprogramme is expected to increase to R3.7 billion over the medium term, which will allow the number of targeted participants to increase to 362 000 in 234 municipalities by 2016/17. The funding for the *Municipal Infrastructure Support Agency* subprogramme is projected to increase to R319.4 million in 2016/17 to assist 80 low capacity municipalities, especially in rural areas, with technical experts and artisans.

Furthermore, the department expects to implement the local economic development strategy, develop indigent registers, conduct evaluations of free basic services and review the municipal infrastructure grant policy framework in conjunction with the local government conditional grant review. This is reflected in the increase in spending from 2013/14 in the *Local Economic Development Planning and Management: Infrastructure* subprogrammes. The increased spending mostly provides for an increase in personnel numbers, from 66 in 2012/13 to 76 in 2016/17. Spending on compensation of employees is thus projected to increase from R33.4 million to R67 million over the same period. The increase is funded in part by a reprioritisation of operational funds from computer services and consultants in the *Management: Infrastructure* subprogramme to strengthen the monitoring and evaluation capacity in the *Municipal Infrastructure Grant* subprogramme.

## Subprogramme: Community Work Programme

This subprogramme contributes to the development of public assets in poor communities, provides income security and work experience for participants, and promotes social and economic inclusion. The programme is managed through the 3 lead implementing agents, each heading the programme in 3 provinces, who are responsible for the day-to-day project management function of the community work programme. Key activities in 2013/14 included the development of the information management system and the review of the delivery model of the programme, which involved the revision of the three-layer implementing model. The model will be phased out and replaced by a single layer of implementing agents from 2014/15, to improve efficiency. Between 2010/11 and 2013/14, the community work programme increased targeted work opportunities to 172 000 in 140 municipalities.

## Expenditure estimates

**Table 3.17 Community Work Programme**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million	213.3	240.8	1 289.9	1 731.3	101.0%	84.9%	2 257.8	2 505.4	3 710.4	28.9%	100.0%
<b>Current payments</b>											
Compensation of employees	–	5.8	17.5	32.8	–	1.4%	35.9	36.7	39.2	6.1%	1.4%
Goods and services	213.3	235.0	1 272.4	1 698.5	99.7%	83.5%	2 222.0	2 468.7	3 671.2	29.3%	98.6%
of which:											
Computer services	–	–	0.2	38.1	–	0.9%	48.8	51.0	53.7	12.1%	1.9%
Consultants and professional services: Business and advisory services	210.4	229.4	559.6	35.6	-44.7%	25.3%	36.0	36.3	38.3	2.4%	1.4%
Contractors	–	3.7	709.1	1 190.9	–	46.5%	1 661.0	1 872.6	2 943.5	35.2%	75.1%
Inventory: Materials and supplies	–	0.0	–	407.9	–	10.0%	450.0	480.0	605.4	14.1%	19.0%
<b>Transfers and subsidies</b>											
Households	235.8	382.7	–	–	-100.0%	15.1%	–	–	–	–	–
<b>Total</b>	<b>449.1</b>	<b>623.5</b>	<b>1 289.9</b>	<b>1 731.3</b>	<b>56.8%</b>	<b>100.0%</b>	<b>2 257.8</b>	<b>2 505.4</b>	<b>3 710.4</b>	<b>28.9%</b>	<b>100.0%</b>
Proportion of total subprogramme expenditure to programme expenditure	4.3%	5.1%	8.4%	10.6%			13.1%	14.0%	18.7%		

## Personnel information

**Table 3.18 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
2012/13			Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost	2016/17				Unit Cost	2013/14 - 2016/17	
<b>Community Work Programme</b>			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	30	–	30	17.5	0.6	30	32.8	1.1	30	35.9	1.2	30	36.7	1.2	30	39.2	1.3	–	100.0%
1 – 6	2	–	2	0.4	0.2	2	0.4	0.2	2	0.5	0.2	2	0.5	0.2	2	0.5	0.3	–	6.7%
7 – 10	9	–	9	2.9	0.3	9	7.3	0.8	9	7.7	0.9	9	7.9	0.9	9	8.3	0.9	–	30.0%
11 – 12	8	–	8	4.5	0.6	8	6.8	0.9	8	7.2	0.9	8	7.3	0.9	8	7.8	1.0	–	26.7%
13 – 16	11	–	11	9.8	0.9	11	18.25	1.7	11	20.5	1.9	11	21.1	1.9	11	22.6	2.1	–	36.7%

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

## Expenditure trends

The bulk of the spending in this subprogramme goes directly to participants as wages. Approximately 95 per cent of the allocated budget over the medium term is for site implementation, of which 65 per cent is paid as wages and 35 per cent for operational costs. The objective of the community work programme is to provide work opportunities in a targeted 234 municipalities in all nine provinces. The funds allocated are used to pay wages to participants; pay implementing agents; buy tools, materials and protective clothing; and provide training and technical support to the participants. Over the medium term, expenditure is expected to grow at an average annual rate of 28.9 per cent. This is mainly due to the additional allocation provided to increase the number of targeted participants in the community work programme and to grow the total number of the sites from 140 municipalities to 234 municipalities, particularly those in rural communities.

Between 2010/11 and 2013/14, expenditure on wages to participants increased from R318.7 million to R833.2 million, due to spending that was allocated to start 80 new sites in 2012/13, which accounts for the increase in spending on contractors over this period. The increase in expenditure ensured that the community work programme was implemented in 140 municipalities with 172 000 participants in 2013/14. The fluctuations in expenditure on consultants and contractors between 2011/12 and 2013/14 was mainly due to the shifting of funds between the two line items for implementing agents for site maintenance and participants payments. Due to the nature of their activities and contractual arrangements with the department, expenditure for implementing

agents is more appropriately reflected as contractors and not consultants. This programme has an establishment of 30 funded posts, all of which were filled at the end of November 2013.

### Subprogramme: Municipal Infrastructure Support Agency

This subprogramme makes transfers to the Municipal Infrastructure Support Agency. The agency aims to address current failures in infrastructure and service provisions. Its mandate includes the provision of technical advice and support to optimise municipal infrastructure provision and the coordination of the development and implementation of programmes designed to strengthen the capacity of municipalities in the planning, development, operation and maintenance of their infrastructure. In 2013/14, the agency provided technical support on a range of electrical issues to 32 municipalities, compared to the 5 that were supported in 2012/13. In addition, 40 young town planners and civil engineers were deployed to municipalities in 2013/14 as part of the capacity development programme. The agency's technical training programme offers short courses to municipal officials in areas such as civil engineering, water, energy, sanitation, waste management and town planning. In 2013/2014, 10 municipal officials were trained in Japan through the Japan International Cooperation Agency. Using funds allocated to the municipal and sector technical support programmes, the Municipal Infrastructure Support Agency plans to improve sustained water supply and quality by providing technical support to 4 water service authority districts in 2013/14 and aims to support 44 municipalities in becoming licensed to own landfill sites as per the Cabinet directive. The agency's in-house support capacity consists of 26 officials. The agency recruited 21 short term contractors, while the process of filling vacant critical posts is under way. The vacancies arose after the Development Bank of Southern Africa significantly scaled down the operational support it provides.

### Expenditure estimates

Table 3.19 Municipal Infrastructure Support Agency

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Transfers and subsidies</b>	<b>189.6</b>	<b>192.7</b>	<b>149.7</b>	<b>262.0</b>	<b>11.4%</b>	<b>100.0%</b>	<b>294.2</b>	<b>304.0</b>	<b>319.4</b>	<b>6.8%</b>	<b>100.0%</b>
Departmental agencies and accounts	–	13.1	149.7	262.0	–	53.5%	294.2	304.0	319.4	6.8%	100.0%
Public corporations and private enterprises	189.6	179.7	–	–	-100.0%	46.5%	–	–	–	–	–
<b>Total</b>	<b>189.6</b>	<b>192.7</b>	<b>149.7</b>	<b>262.0</b>	<b>11.4%</b>	<b>100.0%</b>	<b>294.2</b>	<b>304.0</b>	<b>319.4</b>	<b>6.8%</b>	<b>100.0%</b>
Proportion of total subprogramme expenditure to programme expenditure	1.8%	1.6%	1.0%	1.6%			1.7%	1.7%	1.6%		

### Expenditure trends

The spending focus over the MTEF period will be on improving the state of infrastructure in municipalities. This will be done by conducting diagnostic assessments of infrastructure needs, deploying technical expertise where required and implementing capacity building programmes for infrastructure related critical skills. Cabinet approved an additional allocation of R60 million over the medium term, which will enable the Municipal Infrastructure Support Agency to support 32 additional municipalities and employ an additional 53 technical consultants to provide engineering and project management skills. The agency was proclaimed as a government component in 2013, which changed the programme's allocation to a transfer payment.

Expenditure grew from R189.6 million in 2010/11 to R262 million in 2013/14 to allow for the deployment costs of 74 individual technical experts and 28 technical professional services to municipalities, which gives rise to the increase in spending on consultants over the period. Consultants were used due to a shortage of skills and staff in municipalities.

## Programme 7: Traditional Affairs

### Objectives

- Support the Department of Traditional Affairs to fulfil its mandate by transferring funds to the department over the medium term.

## Subprogrammes

- *Traditional Affairs* makes transfers to the Department of Traditional Affairs, which is discussed in further detail below.

## Expenditure estimates

Table 3.20 Traditional Affairs

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Department of Traditional Affairs	61.8	88.6	106.9	105.2	19.4%	100.0%	111.9	116.9	123.7	5.6%	100.0%
<b>Total</b>	<b>61.8</b>	<b>88.6</b>	<b>106.9</b>	<b>105.2</b>	<b>19.4%</b>	<b>100.0%</b>	<b>111.9</b>	<b>116.9</b>	<b>123.7</b>	<b>5.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			-	-	-		
<b>Economic classification</b>											
Transfers and subsidies	61.8	88.6	106.9	105.2	19.4%	100.0%	111.9	116.9	123.7	5.6%	100.0%
Departmental agencies and accounts	61.8	88.6	106.9	105.2	19.4%	100.0%	111.9	116.9	123.7	5.6%	100.0%
<b>Total</b>	<b>61.8</b>	<b>88.6</b>	<b>106.9</b>	<b>105.2</b>	<b>19.4%</b>	<b>100.0%</b>	<b>111.9</b>	<b>116.9</b>	<b>123.7</b>	<b>5.6%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.1%	0.2%	0.2%	0.2%			0.2%	0.2%	0.2%		
<b>Details of selected transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>61.8</b>	<b>88.6</b>	<b>106.9</b>	<b>105.2</b>	<b>19.4%</b>	<b>100.0%</b>	<b>111.9</b>	<b>116.9</b>	<b>123.7</b>	<b>5.6%</b>	<b>100.0%</b>
Department of Traditional Affairs	61.8	88.6	106.9	105.2	19.4%	100.0%	111.9	116.9	123.7	5.6%	100.0%

## Other departments within the vote

## Department of Traditional Affairs

Table 3.21 Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets		
<b>MTEF allocation</b>					<b>Total</b>	<b>Total</b>
Administration	17.5	17.4	-	0.2	18.5	19.7
Policy and Legislation for Traditional Affairs	13.9	13.9	-	-	14.6	15.4
Institutional Support and Coordination	14.1	14.1	-	-	14.9	15.7
National House of Traditional Leaders	18.6	18.6	-	-	18.9	20.3
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	35.0	-	35.0	-	36.6	38.5
Commission on Traditional Leadership Disputes and Claims	12.7	12.5	-	0.2	13.3	14.1
<b>Total expenditure estimates</b>	<b>111.9</b>	<b>76.5</b>	<b>35.0</b>	<b>0.4</b>	<b>116.9</b>	<b>123.7</b>
Executive authority	Minister of Cooperative Governance and Traditional Affairs					
Accounting officer	Director General of Traditional Affairs					
Website address	www.dta.gov.za					

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

## Aim

*Facilitate integrated traditional affairs for sustainable development and social cohesion in traditional communities.*

## Mandate

The Department of Traditional Affairs is mandated to support traditional leadership through legislation and regulation by developing knowledge and support frameworks to empower traditional communities. This mandate is derived from the following legislation:

- the Traditional Leadership and Governance Framework Act (2003)
- the National House of Traditional Leadership Act (2009)
- the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act (2002).

## Strategic goals

The department's strategic goals over the medium term are to:

- empower the institutions of traditional leadership
- effectively implement policies and legislation relating to traditional affairs
- restore dignity to the institution of traditional leadership
- enhance the department's governance systems
- enhance information and knowledge management systems for the traditional affairs sector
- ensure good governance systems are in place for structures of traditional affairs
- promote the heritage of traditional, indigenous interfaith leadership and communities.

## Selected performance indicators

**Table 3.22 Traditional Affairs**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of traditional leadership disputes and claims cases finalised per year	Commission on Traditional Leadership Disputes and Claims	Outcome 9: A responsive, accountable, effective and efficient local government system	- <sup>1</sup>	32	249	300	350	400	450
Number of traditional councils engaged in service delivery and rural development initiatives per year	National House of Traditional Leaders		- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	78	276	275	200

1. Department began measuring this indicator in 2011/12.

2. Department began measuring this indicator in 2013/14.

## Objectives

- Promote good governance of entities and institutions of traditional leadership through the implementation of the capacity building plan and the corporate governance framework for traditional leaders by March 2015.
- Restore the dignity and integrity of the institution of traditional leadership through the resolution of historical disputes and claims of traditional leadership by March 2015.

## Programmes

- *Administration* provides strategic management, corporate services and administrative support to the Department of Traditional Affairs. This subprogramme had a staff complement of 22 at the end of November 2013.
- *Policy and Legislation for Traditional Affairs* provides for the development, review, monitoring and implementation of policies and legislation relevant to traditional leadership nationally, and enhances knowledge management within traditional affairs. In 2012/13, legislative compliance reports were conducted for 7 provinces and draft formulas to determine the number of members of royal councils were developed and circulated for comment. In addition, the concept paper on *ukuthwala*, the practice of abducting young girls and forcing them into marriage was finalised. In 2013/14, Cabinet approved the National Traditional Affairs Bill. A research report on the role of headmen and headwomen in local government was also developed and their appointments were finalised. This subprogramme had a staff complement of 17 at the end of November 2013.
- *Institutional Support and Coordination* provides systems and programmes for institutional development and capacity building, and coordinates partnerships within the institution to achieve cooperation and collaboration with all traditional affairs stakeholders. In 2012/13, a draft traditional affairs sector strategy aimed at improving and strengthening the coordination of traditional matters was completed and a report on the state of governance of traditional leadership was developed. In 2013/14, key activities included finalising

a report on the comprehensive assessment of governance in traditional affairs. This subprogramme had a staff complement of 14 at the end of November 2013.

- *National House of Traditional Leaders* represents the interests of traditional communities and traditional leaders, and provides advice to government on policies and programmes. In 2012/13, coordinated training on indigenous law was conducted to empower traditional leaders on issues of customary related legislation. The house also participated in programmes in the Department of Rural Development that deal with land ownership and use of land. In 2013/14, training was facilitated for 25 members of the executive committee on the interpretation of traditional leadership legislation. This subprogramme had a staff complement of 14 at the end of November 2013.
- *Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities* makes transfers to the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities. This subprogramme's total budget is transferred in full to the commission.
- *Commission on Traditional Leadership Disputes and Claims* resolves claims and disputes at all levels of traditional leadership referred to the commission. In 2012/13, 249 traditional leadership disputes and claims were finalised. The commission plans to finalise 300 claims in 2013/14. This subprogramme had a staff complement of 11 at the end of November 2013.

## Expenditure estimates

Table 3.23 Traditional Affairs

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16			2016/17
R million													
Administration	12.5	11.2	12.8	19.5	19.5	16.0%	15.5%	17.5	18.5	19.7	0.2%	16.5%	
Policy and Legislation for Traditional Affairs	6.6	14.0	14.7	13.4	13.4	26.9%	13.4%	13.9	14.6	15.4	4.7%	12.5%	
Institutional Support and Coordination	0.3	11.5	13.2	13.8	13.8	260.6%	10.7%	14.1	14.9	15.7	4.2%	12.8%	
National House of Traditional Leaders	15.8	19.2	20.3	14.1	14.1	-3.7%	19.1%	18.6	18.9	20.3	13.0%	15.7%	
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	24.4	22.4	34.2	32.5	32.5	10.0%	31.3%	35.0	36.6	38.5	5.8%	31.2%	
Commission on Traditional Leadership Disputes and Claims	2.3	10.2	11.7	11.8	11.8	73.0%	9.9%	12.7	13.3	14.1	6.1%	11.3%	
<b>Total</b>	<b>61.8</b>	<b>88.6</b>	<b>106.9</b>	<b>105.2</b>	<b>105.2</b>	<b>19.4%</b>	<b>100.0%</b>	<b>111.9</b>	<b>116.9</b>	<b>123.7</b>	<b>5.6%</b>	<b>100.0%</b>	

Change to 2013 Budget estimate

### Economic Classification

	2010/11	2011/12	2012/13	2013/14	2013/14	2010/11 - 2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
<b>Current payments</b>	<b>36.7</b>	<b>65.5</b>	<b>70.7</b>	<b>72.3</b>	<b>72.3</b>	<b>25.4%</b>	<b>67.6%</b>	<b>76.5</b>	<b>80.0</b>	<b>84.8</b>	<b>5.5%</b>	<b>68.5%</b>
Compensation of employees	17.3	36.4	41.3	45.0	45.0	37.6%	38.6%	47.3	48.0	50.6	4.0%	41.7%
Goods and services	19.4	29.2	29.5	27.3	27.3	12.0%	29.0%	29.3	31.9	34.2	7.8%	26.8%
of which:												
Communication	0.8	1.1	1.2	1.5	1.5	23.3%	1.3%	1.8	2.3	2.4	17.0%	1.8%
Consultants and professional services: Business and advisory services	1.4	2.6	1.2	1.3	1.3	-2.4%	1.8%	1.8	1.9	2.0	15.3%	1.6%
Consumable: Stationery, printing and office supplies	0.4	0.7	0.6	1.6	1.6	55.7%	0.9%	1.98	2.0	2.2	11.1%	1.7%
Travel and subsistence	11.7	17.9	17.3	10.3	10.3	-4.2%	15.8%	12.4	13.6	14.9	13.1%	11.2%
<b>Transfers and subsidies</b>	<b>24.4</b>	<b>22.4</b>	<b>36.1</b>	<b>32.5</b>	<b>32.5</b>	<b>10.0%</b>	<b>31.8%</b>	<b>35.0</b>	<b>36.6</b>	<b>38.5</b>	<b>5.8%</b>	<b>31.2%</b>
Departmental agencies and accounts	24.4	22.4	34.2	32.5	32.5	10.0%	31.3%	35.0	36.6	38.5	5.8%	31.2%
Households	-	-	1.9	-	-	-	0.5%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.7</b>	<b>0.7</b>	<b>0.1</b>	<b>0.4</b>	<b>0.4</b>	<b>-22.3%</b>	<b>0.5%</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>3.1%</b>	<b>0.3%</b>
Machinery and equipment	0.7	0.7	0.1	0.4	0.4	-22.3%	0.5%	0.4	0.4	0.4	3.1%	0.3%
<b>Total</b>	<b>61.8</b>	<b>88.6</b>	<b>106.9</b>	<b>105.2</b>	<b>105.2</b>	<b>19.4%</b>	<b>100.0%</b>	<b>111.9</b>	<b>116.9</b>	<b>123.7</b>	<b>5.6%</b>	<b>100.0%</b>

## Personnel information

**Table 3.24 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Traditional Affairs</b>																			
<b>Salary level</b>	<b>78</b>																		
1 – 6	21																		
7 – 10	10																		
11 – 12	18																		
13 – 16	29																		

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

<sup>2</sup>. Rand million.

## Expenditure trends

Over the medium term, the department will focus on strengthening the coordination of traditional affairs sector and forging partnerships to ensure that traditional leaders, Khoi and San leaders, and the interfaith sector play a central role in socioeconomic development, nation building, service delivery initiatives and the development of traditional communities in collaboration with government. The department will further extend its focus on other elements of its mandate, including social cohesion, heritage and the profiling of the 751 traditional councils over this period.

At 38.6 per cent of the programme budget between 2010/11 and 2013/14, spending on compensation of employees is the largest item and mainly provides for the appointment of research personnel to support the department's work on resolving traditional leadership claims and disputes, and for capacity in corporate and financial services. The number of personnel is expected to increase from 76 posts in 2012/13 to 78 posts in 2016/17. Spending on consultants, which is projected to increase over the medium term, provides for legal costs on litigation relating to traditional leadership dispute and claims. Consultants are used because the department currently lacks the internal capacity to perform this function.

## Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **South African Local Government Association** is mandated by the Constitution to assist in the comprehensive transformation of local government. The association participates in intergovernmental structures at the provincial and district levels, and is therefore able to influence national and provincial legislation and gauge its impact on local government. The association's total transfer for 2014/15 is R27.3 million.
- The **Municipal Demarcation Board** is an independent authority responsible for determining municipal boundaries. The board is also mandated to declare district management areas, delimit wards for local elections, and assess the capacity of municipalities to perform their functions. The board's total budget for 2014/15 is R49.9 million.
- The **Commission for the Promotion of the Rights of Cultural, Religious and Linguistic Communities** promotes and protects cultural, religious and linguistic rights. The commission focuses on conflict resolution, research, advocacy and community engagement on conflicts pertaining to cultural, religious and linguistic rights within communities. The commission's total budget for 2014/15 is R35 million.

**Additional table: Summary of expenditure on infrastructure**

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2013/14	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Municipal infrastructure grant transfer	Eradicate the backlog in municipal infrastructure by providing basic services to poor households	Various	83 958.3	9 704.3	11 443.5	13 879.2	14 354.4	14 683.8	15 098.1	15 766.8
<b>Total</b>			<b>83 958.3</b>	<b>9 704.3</b>	<b>11 443.5</b>	<b>13 879.2</b>	<b>14 354.4</b>	<b>14 683.8</b>	<b>15 098.1</b>	<b>15 766.8</b>

## Home Affairs

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	1 860.3	1 847.4	2.0	10.9	1 627.6	2 174.9
Citizen Affairs	4 106.9	2 350.2	1 756.7	–	4 241.7	4 497.1
Immigration Affairs	656.5	656.2	0.3	–	691.4	734.4
<b>Total expenditure estimates</b>	<b>6 623.7</b>	<b>4 853.8</b>	<b>1 759.0</b>	<b>10.9</b>	<b>6 560.8</b>	<b>7 406.5</b>

Executive authority: Minister of Home Affairs  
 Accounting officer: Director General of Home Affairs  
 Website address: [www.dha.gov.za](http://www.dha.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Efficiently determine and safeguard the identity and status of citizens. Regulate immigration to ensure security, promote development and fulfil South Africa's international obligations.*

### Mandate

The mandate of the Department of Home Affairs is derived from the Constitution of the Republic of South Africa and various acts of Parliament and policy documents. The department's services are divided into two broad categories: civic services and immigration services. Both must ensure the efficient determination and safeguarding of the identity and status of citizens, and provide for the regulation of immigration to ensure security, promote development and fulfil South Africa's international obligations.

### Strategic goals

The department's strategic goals over the medium term are to:

- secure South African citizenship and identity through regulating and overseeing the provision of enabling documents such as identity documents and passports and maintaining the national population register
- ensure effective and secure management of immigration to facilitate the movement of people through ports of entry, issue permits and visas, enforce immigration legislation, and grant refugee status to those who meet the requirements
- ensure citizens, immigrants and internal and external clients receive efficient and secure services.

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide leadership, management and support services to the department.

#### Programme 2: Citizen Affairs

**Purpose:** Provide secure, efficient and accessible services and documents for citizens and lawful residents.

## Programme 3: Immigration Affairs

**Purpose:** Facilitate and regulate the secure movement of people through the ports of entry into and out of the Republic of South Africa. Determine the status of asylum seekers and regulate refugee affairs.

### Selected performance indicators

Table 4.1 Home Affairs

Indicator <sup>1</sup>	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage of machine readable passports (manual process) issued within 24 working days <sup>2</sup>	Citizen Affairs	Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship	24 days <sup>2</sup>	82% (402 474)	94.3% (413 213)	95%	95%	95%	95%
Percentage of machine readable passports (live capture process) issued within 13 working days <sup>2</sup>	Citizen Affairs		12 days <sup>2</sup>	84% (186 216)	93.3% (167 001)	97%	97%	97%	97%
Percentage of identity documents (first issue) issued in 54 working days <sup>2</sup>	Citizen Affairs		60.5 days <sup>2</sup>	63% (1 199 467)	92.16% (1 039 862)	95%	95%	95%	95%
Percentage of identity documents (second issue) issued within 47 working days <sup>2</sup>	Citizen Affairs		49.6 days <sup>2</sup>	66% (1 075 994)	98.15% (896 613)	95%	95%	95%	95%
Number of births registered within 30 calendar days of birth	Citizen Affairs	Outcome 3: All people in South Africa are and feel safe	46% <sup>2</sup> (500 524)	51% (556 762)	54.7% (602 530)	642 000	694 000	750 000	810 000
Number of smart ID cards issued to citizens 16 years of age and above <sup>3</sup>	Citizen Affairs		– <sup>3</sup>	– <sup>3</sup>	– <sup>3</sup>	100 000	3 000 000	8 000 000	10 000 000
Percentage of permanent residence permits issued within 8 months (applications collected within South Africa)	Immigration Affairs	Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship	3.4% (307)	38% (1 679)	1.3% (211)	50%	50%	60%	75%
Percentage of temporary residence permits: critical skills (business, critical skills and general work) issued within 8 weeks <sup>4</sup>	Immigration Affairs	Outcome 5: A skilled and capable workforce to support an inclusive growth path  Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship	11.4% (2 309)	45% (16 961)	49.5% (14 471)	85%	62%	72%	82%
Percentage of refugee identity documents issued within 90 days <sup>5</sup>	Immigration Affairs	Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship	–	–	–	–	50%	50%	50%
Percentage of refugee travel documents issued within 90 days <sup>5</sup>	Immigration Affairs	public service and an empowered, fair and inclusive citizenship	–	–	–	–	80%	90%	95%
Number of illegal foreigners deported per year	Immigration Affairs	Outcome 3: All people in South Africa are and feel safe	55 825	75 336	105 392	80 000	85 000	90 000	95 000

1. From 2013/14, the projected number of applications processed are not displayed as it is not within the control of the Department of Home Affairs.

2. These indicators were measured in terms of number of days up to 2010/11.

3. New performance indicator from 2013/14.

4. Up to 2012/13, work, business and corporate temporary residence permits were given focused attention. From 2013/14 a critical skills permit will replace the quota and exceptional skills permits.

5. Measured from the date of application at refugee reception offices until travel document is ready for collection at office of application or outcome is known. The performance indicator was not accurately measured in previous financial years, hence previous years' numbers are not published.

## The national development plan

The civic and immigration services provided by the department are key enablers for the achievement of the development objectives espoused in the national development plan. The plan deals with the economy, employment and positioning South Africa in the world. In this regard, the department is taking steps to address critical skills gaps by facilitating the acquisition of skilled migrants from abroad and encouraging investment in South Africa. These steps include implementing the amendments to the Immigration Act of 2011 and the amended immigration regulations once the regulations are approved by the minister in July 2014. In addition, the department will streamline both the civic and immigration business processes, and over the medium term will enhance human capacity and the systems used to process applications for enabling documents.

The efficient management of migration within the Southern African Development Community (SADC) is an essential factor in growing the regional economy. The department, alongside other government departments, works with SADC structures to conduct government to government bilateral engagements so as to improve the regional management of migration while developing appropriate policy to deal with economic migrants who are currently abusing the asylum seekers system, and also to strengthen its business procedures and work instructions for processing applications for asylum. The establishment of a border management agency by the department in 2017 will contribute significantly to building safer communities in terms of combatting transnational crime and terrorism, and enabling the efficient facilitation of trade and tourism.

Civic services, such as the provision of identity and travel documents, are key enablers of the capable state envisaged in chapter 13 of the national development plan, and contribute to ensuring social protection and building an active and engaged citizenry as set out in chapter 15 of the NDP. The department's modernisation programme over the medium term will enable it to provide secure and efficient services and ensure that they are accessible to all citizens. The new national identity system, of which the smart card identity document is an element, will assist in the fight against corruption, and the department is already working with other government departments and the financial sector on this.

## Expenditure estimates

Table 4.2 Home Affairs

Programme	Audited outcome			Adjusted appropriation 2013/14	Revised estimate	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2014/15	2015/16	2016/17		
R million												
Administration	1 692.3	1 888.8	1 476.6	1 845.5	1 845.5	2.9%	27.7%	1 860.3	1 627.6	2 174.9	5.6%	27.2%
Citizen Affairs	3 967.2	3 230.9	3 286.7	4 388.2	4 388.2	3.4%	59.8%	4 106.9	4 241.7	4 497.1	0.8%	62.5%
Immigration Affairs	960.3	632.7	750.2	761.1	761.1	-7.5%	12.5%	656.5	691.4	734.4	-1.2%	10.3%
<b>Total</b>	<b>6 619.8</b>	<b>5 752.5</b>	<b>5 513.5</b>	<b>6 994.7</b>	<b>6 994.7</b>	<b>1.9%</b>	<b>100.0%</b>	<b>6 623.7</b>	<b>6 560.8</b>	<b>7 406.5</b>	<b>1.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				426.9	426.9			(269.5)	(202.6)	247.4		
<b>Economic classification</b>												
<b>Current payments</b>	<b>4 487.1</b>	<b>4 013.5</b>	<b>4 319.1</b>	<b>5 135.0</b>	<b>5 135.0</b>	<b>4.6%</b>	<b>72.2%</b>	<b>4 853.8</b>	<b>4 792.6</b>	<b>5 544.5</b>	<b>2.6%</b>	<b>73.7%</b>
Compensation of employees	2 051.9	1 944.9	2 179.6	2 496.5	2 496.5	6.8%	34.9%	2 670.0	2 832.1	3 021.1	6.6%	39.9%
Goods and services	2 330.9	2 056.0	2 139.5	2 638.4	2 638.4	4.2%	36.8%	2 183.8	1 960.4	2 523.4	-1.5%	33.7%
of which:												
Computer services	408.7	388.5	324.2	710.9	710.9	20.3%	7.4%	707.7	510.3	844.8	5.9%	10.1%
Operating leases	132.6	117.8	144.3	155.8	155.8	5.5%	2.2%	272.8	284.0	300.6	24.5%	3.7%
Property payments	49.7	84.8	85.6	102.6	102.6	27.3%	1.3%	214.4	199.3	270.6	38.1%	2.9%
Travel and subsistence	405.9	190.1	266.6	160.7	160.7	-26.6%	4.1%	168.9	142.7	183.6	4.5%	2.4%
Interest and rent on land	104.3	12.7	-	-	-	-100.0%	0.5%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 699.6</b>	<b>1 147.6</b>	<b>1 089.4</b>	<b>1 799.4</b>	<b>1 799.4</b>	<b>1.9%</b>	<b>23.1%</b>	<b>1 759.0</b>	<b>1 756.8</b>	<b>1 849.9</b>	<b>0.9%</b>	<b>26.0%</b>
Provinces and municipalities	0.6	1.0	0.9	1.1	1.1	20.7%	0.0%	1.5	1.5	1.6	13.5%	0.0%
Departmental agencies and accounts	1 689.5	1 138.2	1 076.4	1 795.9	1 795.9	2.1%	22.9%	1 754.7	1 752.3	1 845.2	0.9%	25.9%
Households	9.4	8.4	12.1	2.3	2.3	-37.4%	0.1%	2.9	3.0	3.1	10.7%	0.0%
<b>Payments for capital assets</b>	<b>404.6</b>	<b>591.1</b>	<b>104.7</b>	<b>8.4</b>	<b>8.4</b>	<b>-72.5%</b>	<b>4.5%</b>	<b>10.9</b>	<b>11.4</b>	<b>12.0</b>	<b>12.6%</b>	<b>0.2%</b>
Buildings and other fixed structures	-	-	-	0.1	0.1	0.0%	0.0%	-	-	-	-100.0%	0.0%
Machinery and equipment	189.7	176.9	97.0	8.3	8.3	-64.8%	1.9%	10.9	11.4	12.0	13.2%	0.2%
Software and other intangible assets	214.9	414.2	7.6	0.0	0.0	-95.0%	2.6%	-	-	-	-100.0%	0.0%
<b>Payments for financial assets</b>	<b>28.5</b>	<b>0.2</b>	<b>0.4</b>	<b>52.0</b>	<b>52.0</b>	<b>22.1%</b>	<b>0.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.2%</b>
<b>Total</b>	<b>6 619.8</b>	<b>5 752.5</b>	<b>5 513.5</b>	<b>6 994.7</b>	<b>6 994.7</b>	<b>1.9%</b>	<b>100.0%</b>	<b>6 623.7</b>	<b>6 560.8</b>	<b>7 406.5</b>	<b>1.9%</b>	<b>100.0%</b>

## Personnel information

**Table 4.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Home Affairs																			
Salary level	10 369	1	9 198	2 179.6	0.2	10 369	2 496.5	0.2	10 369	2 670.0	0.3	10 369	2 832.1	0.3	10 369	3 021.1	0.3	-	100.0%
1 - 6	7 236	-	6 567	664.5	0.1	7 236	683.8	0.1	7 236	733.0	0.1	7 236	686.8	0.1	7 236	916.0	0.1	-	69.8%
7 - 10	2 649	-	2 259	680.4	0.3	2 649	907.8	0.3	2 649	802.5	0.3	2 649	1 057.7	0.4	2 649	940.2	0.4	-	25.5%
11 - 12	291	-	223	288.7	1.3	291	294.8	1.0	291	452.8	1.6	291	292.6	1.0	291	306.1	1.1	-	2.8%
13 - 16	193	1	149	546.0	3.7	193	610.1	3.2	193	681.6	3.5	193	795.1	4.1	193	858.8	4.4	-	1.9%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on improving the quality of services the department offers to South African citizens and foreign nationals by: enhancing the management of asylum seekers, economic migration from the SADC, international migrants with critical skills, and residency and citizenship applications; and implementing the new national identity system, which is to be the centre of a single integrated platform for managing civic and immigration services. These activities are carried out by the *Citizen Affairs* and *Immigration Affairs* programmes, which spend significantly on compensation of employees, stationery and printing, computer equipment and services, contractors, and travel and subsistence. The allocations support the department in issuing birth, death and marriage certificates, identity documents, and passports to citizens, and permanent and temporary permits to foreign nationals.

Over the medium term, the department will incur spending in the *Citizen Affairs* programme to: reduce the turnaround time for issuing the identity document from the current 54 days to 30 days when it replaces the identity book with a smart ID card; register new births within 30 days as the early registration of birth; and maintain the current turnaround of 13 days for issuing a passport. Further spending in the *Immigration Affairs* programme will be incurred to reduce the processing times of all temporary and permanent permits from over a year to 8 months. To achieve this, expenditure in computer services over the medium term is expected to increase due to additional allocations for the implementation of the system's modernisation programme, which will provide an integrated IT platform to decrease the turnaround time for issuing enabling documents. Expenditure over this period is also expected to increase due to additional funds allocated to the Electoral Commission to prepare for and preside over the 2014 national and provincial elections and the 2016 municipal elections. Cabinet approved budget reductions over the medium term of R99.5 million, R102.6 million and R102.6 million will mainly be effected in non-core areas of the department's operations, such as venues and facilities, and catering and entertainment. The department will continue to incur expenditure on these non-core items but will decrease activity levels in line with the reductions, which will have no effect on service delivery.

In automating the business processes for issuing enabling documents and allowing biometric data, photographs, fingerprints and signatures to be captured live electronically, the systems modernisation programme has allowed the department to maintain its funded establishment at 10 369 posts over the medium term, made up mainly of frontline and back office staff in service delivery offices and head office staff. Of the funded establishment, 353 posts were vacant as at 30 November 2013. The posts were vacant due to natural attrition and existing vacant posts not filled which will be filled over the medium term. The department does not employ contract workers and uses consultants on an ad hoc basis, particularly with regard to ICT, where the department experiences difficulty in attracting suitably qualified and experienced candidates.

### Infrastructure spending

R130 million in 2013/14 and R160 million in 2014/15 of the R400 million allocation for infrastructure at ports of entry has been reallocated to this department from the Department of Public Works. These amounts were meant to be used to improve and build residential and official accommodation for officials, as well as for the additional office space needed to replace tents at the Lebombo, Beitbridge, Maseru Bridge, Oshoek,

Ramatlabana, Vioolsdrift, Golela and Kopfontein ports of entry. However, minimal progress was made in 2013/14 due to the delay in the finalisation of procurement processes to obtain external expertise as well as business and project plans. The department is projecting that only R30 million of the R130 million allocated in 2013/14 will be used. The R160 million allocated in 2014/15 has been rescheduled with R90 million moved to 2016/17; this was done due to the delay in finalising the appointment of suitable service providers to develop infrastructure improvement standards and project plans. The rescheduling will provide the department with sufficient time to do the necessary due diligence.

### Information systems modernisation (formerly Who Am I Online)

The implementation of the information systems modernisation project resumed in 2012/13 following the resolution of a dispute between the department and the service provider, which had put the project on hold since May 2010. The project will provide an integrated IT platform to decrease the turnaround time for issuing identity documents; birth, death and marriage certificates; passports and visas; section 22 asylum permits; refugee identity documents; citizenship certificates; and permanent and temporary residence permits. The system is designed to automate the end to end business processes, and supports transactional processing; and it simultaneously provides information that includes photographs, fingerprints, signatures, voice recordings, demographic information and scanned supporting documents.

The department has made R1.1 billion available over the medium term to complete the development of the integrated systems by 2014/15. Rollout of the system to all the offices will continue over the MTEF period. R1.4 billion in expenditure for the project was incurred between 2008/09 and 2011/12, including R835 million for the settlement agreement reached in January 2011.

The following aspects of the project are due to be completed over the medium term: live capture functionality for identity documents and passports; the cleaning of the national population register; core systems integration of civics and immigration; and the upgrading of the visa and permitting system. The rollout of the movement control system to 38 remaining ports of entry was finalised during 2013/14, which with the 34 that were rolled out in 2010 in preparation for the 2010 FIFA World Cup, brings the total to 72 ports of entry.

The department managed to roll out the live capture functionality for identity documents and passports to three offices by the end of October 2013, and also projected that a total of 70 offices would have the system by the end of 2013/14. The department also launched the roll out of the smart identity card in October 2013, and projected that 100 000 smart identity cards would be issued by the end of 2013/14.

## Departmental receipts

Table 4.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	<b>644 752</b>	<b>910 987</b>	<b>712 090</b>	<b>588 034</b>	<b>817 646</b>	<b>8.2%</b>	<b>100.0%</b>	<b>651 365</b>	<b>723 690</b>	<b>768 663</b>	<b>-2.0%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>610 777</b>	<b>825 240</b>	<b>655 846</b>	<b>548 640</b>	<b>766 470</b>	<b>7.9%</b>	<b>92.6%</b>	<b>598 627</b>	<b>668 956</b>	<b>709 263</b>	<b>-2.6%</b>	<b>92.6%</b>
Sales by market establishments	1 370	2 078	2 124	1 580	2 454	21.4%	0.3%	3 019	3 221	3 476	12.3%	0.4%
of which:												
Market establishment: Non-residential building	-	-	-	2	2	-	-	2	2	2	-	-
Market establishment: Rental dwelling	1 344	2 056	2 100	1 563	2 422	21.7%	0.3%	3 001	3 202	3 456	12.6%	0.4%
Market establishment: Rental Parking: Covered and open	26	22	24	15	30	4.9%	-	16	17	18	-15.7%	-
Administration fees	606 839	820 627	651 588	545 161	761 095	7.8%	92.0%	593 512	663 522	703 391	-2.6%	91.9%
of which:												
Certificates	26 470	39 603	35 791	75 636	39 654	14.4%	4.6%	18 260	19 228	20 248	-20.1%	3.3%
Identity documents	34 480	162 508	239 879	151 399	273 564	99.4%	23.0%	301 455	355 986	379 555	11.5%	44.3%
Passports	422 006	263 442	152 242	153 380	190 292	-23.3%	33.3%	161 509	170 069	179 083	-2.0%	23.7%
Permits	79 501	330 865	140 641	96 862	162 354	26.9%	23.1%	101 996	107 402	113 094	-11.4%	16.4%
Other	44 382	24 209	83 035	67 884	95 231	29.0%	8.0%	10 292	10 837	11 411	-50.7%	4.3%
Other sales	2 568	2 535	2 134	1 899	2 921	4.4%	0.3%	2 096	2 213	2 396	-6.4%	0.3%
of which:												
Commission on insurance	1 408	1 650	1 950	1 462	2 462	20.5%	0.2%	1 539	1 621	1 707	-11.5%	0.2%
Clearance fees	443	476	-	365	365	-6.3%	-	384	404	425	5.2%	0.1%
Postal fees for travel documents	63	224	11	9	11	-44.1%	-	9	11	12	2.9%	-
Photocopies and faxes	540	111	34	11	31	-61.4%	-	109	119	191	83.3%	-
Other	114	74	139	52	52	-23.0%	-	55	58	61	5.5%	-

Table 4.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate	Receipt/ total:	Medium-term receipts estimate			Average growth rate	Receipt/ total:
	2010/11	2011/12	2012/13			(%)	Average (%)	2014/15	2015/16	2016/17	(%)	Average (%)
R thousand				2013/14		2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Sales of scrap, waste, arms and other used current goods	-	14	26	14	32	-	-	36	42	50	16.0%	-
of which:												
Sales: Waste paper	-	14	26	14	32	-	-	36	42	50	16.0%	-
Fines, penalties and forfeits	27 021	42 442	45 642	35 072	47 652	20.8%	5.3%	49 056	51 034	55 679	5.3%	6.9%
Interest, dividends and rent on land	543	882	385	332	442	-6.6%	0.1%	224	236	249	-17.4%	-
Interest	543	882	385	332	442	-6.6%	0.1%	224	236	249	-17.4%	-
Sales of capital assets	-	-	2 420	-	1 800	-	0.1%	1 956	1 956	1 956	2.8%	0.3%
Transactions in financial assets and liabilities	6 411	42 409	7 771	3 976	1 250	-42.0%	1.9%	1 466	1 466	1 466	5.5%	0.2%
<b>Total</b>	<b>644 752</b>	<b>910 987</b>	<b>712 090</b>	<b>588 034</b>	<b>817 646</b>	<b>8.2%</b>	<b>100.0%</b>	<b>651 365</b>	<b>723 690</b>	<b>768 663</b>	<b>-2.0%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 4.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million				2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Ministry	28.3	25.2	26.6	35.6	8.0%	1.7%	44.3	46.7	49.6	11.7%	2.3%
Management Support Services	149.9	99.7	107.7	98.8	-13.0%	6.6%	106.2	112.0	119.0	6.4%	5.8%
Corporate Services	438.2	564.0	681.5	659.7	14.6%	33.9%	577.8	608.3	645.9	-0.7%	33.2%
Transversal Information Technology Management	736.5	884.3	333.2	685.0	-2.4%	38.2%	676.7	478.6	888.1	9.0%	36.3%
Office Accommodation	339.3	315.6	327.5	366.5	2.6%	19.5%	455.2	382.0	472.3	8.8%	22.3%
<b>Total</b>	<b>1 692.3</b>	<b>1 888.8</b>	<b>1 476.6</b>	<b>1 845.5</b>	<b>2.9%</b>	<b>100.0%</b>	<b>1 860.3</b>	<b>1 627.6</b>	<b>2 174.9</b>	<b>5.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(63.8)			(241.7)	(174.2)	309.5		

#### Economic classification

<b>Current payments</b>	<b>1 431.7</b>	<b>1 308.3</b>	<b>1 372.7</b>	<b>1 786.2</b>	<b>7.7%</b>	<b>85.5%</b>	<b>1 847.4</b>	<b>1 614.2</b>	<b>2 160.7</b>	<b>6.6%</b>	<b>98.7%</b>
Compensation of employees	241.3	274.7	347.3	371.5	15.5%	17.9%	389.8	413.4	441.0	5.9%	21.5%
Goods and services	1 086.2	1 020.8	1 025.3	1 414.6	9.2%	65.9%	1 457.7	1 200.7	1 719.7	6.7%	77.2%
of which:											
Computer services	336.1	205.0	137.8	564.2	18.8%	18.0%	581.4	378.2	704.1	7.7%	29.7%
Operating leases	118.9	112.5	140.4	133.4	3.9%	7.3%	267.4	278.5	294.7	30.2%	13.0%
Property payments	39.0	83.2	79.1	97.6	35.8%	4.3%	213.4	198.2	269.5	40.3%	10.4%
Travel and subsistence	94.8	82.7	119.6	63.5	-12.5%	5.2%	89.5	59.7	88.5	11.7%	4.0%
Interest and rent on land	104.3	12.7	-	-	-100.0%	1.7%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1.4</b>	<b>1.6</b>	<b>2.2</b>	<b>1.6</b>	<b>4.0%</b>	<b>0.1%</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>10.6%</b>	<b>0.1%</b>
Provinces and municipalities	0.3	0.4	0.0	0.2	-11.7%	-	0.5	0.5	0.6	40.0%	-
Departmental agencies and accounts	-	-	-	0.1	-	-	0.1	0.1	0.1	4.6%	-
Households	1.1	1.2	2.2	1.3	5.7%	0.1%	1.4	1.5	1.5	4.8%	0.1%
<b>Payments for capital assets</b>	<b>230.6</b>	<b>578.8</b>	<b>101.4</b>	<b>5.7</b>	<b>-70.8%</b>	<b>13.3%</b>	<b>10.9</b>	<b>11.4</b>	<b>12.0</b>	<b>28.0%</b>	<b>0.5%</b>
Machinery and equipment	69.1	167.8	93.7	5.7	-56.4%	4.9%	10.9	11.4	12.0	28.0%	0.5%
Software and other intangible assets	161.5	411.0	7.6	-	-100.0%	8.4%	-	-	-	-	-
<b>Payments for financial assets</b>	<b>28.5</b>	<b>0.2</b>	<b>0.4</b>	<b>52.0</b>	<b>22.1%</b>	<b>1.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.7%</b>
<b>Total</b>	<b>1 692.3</b>	<b>1 888.8</b>	<b>1 476.6</b>	<b>1 845.5</b>	<b>2.9%</b>	<b>100.0%</b>	<b>1 860.3</b>	<b>1 627.6</b>	<b>2 174.9</b>	<b>5.6%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	25.6%	32.8%	26.8%	26.4%			28.1%	24.8%	29.4%		

## Personnel information

Table 4.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
		2012/13			2013/14			2014/15			2015/16			2016/17				
Salary level		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Administration		1 012			1 012	371.5	0.4	1 012	389.8	0.4	1 012	413.4	0.4	1 012	441.0	0.4	-	100.0%
1 – 6	412	395	155.7	0.4	412	153.3	0.4	412	156.0	0.4	412	145.3	0.4	412	169.5	0.4	-	40.7%
7 – 10	354	320	133.1	0.4	354	131.1	0.4	354	135.3	0.4	354	162.8	0.5	354	117.9	0.3	-	35.0%
11 – 12	147	126	38.8	0.3	147	32.7	0.2	147	41.7	0.3	147	37.2	0.3	147	46.7	0.3	-	14.5%
13 – 16	99	81	19.7	0.2	99	54.4	0.5	99	56.8	0.6	99	68.2	0.7	99	106.8	1.1	-	9.8%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on: improving access to the services provided by the department by increasing the number of service points and connecting health facilities to the department's network for registering births; designing and implementing a new national identity system with secure biometric features, which will include South African and foreign nationals; and improving business processes and systems to combat fraud and corruption by rolling out online verification and live capture for both passports and identity documents to district and regional offices.

The department plans to increase its footprint for the provision of its services by increasing the number of offices by 14 over the medium term. This will bring the total number of offices to 644, and is part of the reason for an increase in expenditure for operating leases. Between 2010/11 and 2013/14 expenditure on operating leases also increased as a result of office refurbishments. The increase in the compensation budget over the seven year period is explained by an increase in the number of personnel and the organisational restructuring which resulted in the department strengthening the middle management echelon which previously was not adequate. As at 30 November 2013 the programme had a funded establishment of 1 012, with no vacancies. The personnel numbers are expected to remain at 1 012 in each year of the MTEF period. During the same period expenditure on compensation of employees is expected to increase moderately to provide for inflationary adjustments.

The department managed to rollout the live capture functionality for identity documents and passports to three offices by the end of October 2013, and projected that a total of 70 offices would have the system by the end of 2013/14. Over the medium term the department plans to roll out the live capture functionality for identity documents and passports to 240 additional offices. To achieve this, the programme receives additional allocations of R325 million, R125 million and R436 million over the medium term for the implementation of the systems modernisation programme. This explains the increase in expenditure expected in the *Transversal Information Technology Management* subprogramme, as well as on computer services, contractors, training and development, and stationery, printing and office supplies.

To give effect to Cabinet approved reductions, the programme is cutting spending by R19.9 million, R20.5 million and R20.5 million over the medium term. The reductions are to be effected in non-core areas of the department's operations, such as venues and facilities, consultants, catering and entertainment. The department will continue to incur expenditure on these non-core items but will decrease activity levels in line with the reductions, which will have no effect on service delivery.

## Programme 2: Citizen Affairs

### Objectives

- Ensure that registration at birth is the only entry point to the national population register by improving the number of births registered within 30 calendar days of the birth event from 694 000 in 2014/15 to 810 000 in 2016/17.
- Maintain the standard of service delivery for the issuing of enabling documents by:
  - increasing the issuance of the smart identity document card from 3 million in 2014/15 to 10 million by 2016/17
  - issuing 95 per cent of machine readable passports for manual processes within 24 working days in 2014/15
  - issuing 97 per cent of machine readable passports for live capture processes within 13 working days in 2014/15
  - issuing 95 per cent of the projected 1 113 290 first issue identity documents within 54 working days in 2014/15
  - issuing 95 per cent of the projected 1 257 848 reissue identity documents within 47 working days in 2014/15.

### Subprogrammes

- *Citizen Affairs Management* provides for the overall management of the branch for both head office and frontline offices; and provides policy direction, sets standards and manages back office processes. This subprogramme had a staff complement of 29 in 2013/14.
- *Status Services* regulates all matters relating to the national population register. These include: maintaining an accurate register of all citizens and immigrants who have acquired the right to permanent residence; registering births, deaths and marriages; providing travel and citizenship documents; providing financial assistance to citizens abroad who wish to return to South Africa but have no means of doing so; and determining and granting citizenship. In 2012/13, the department registered 1 259 491 births (early and late registration), 144 370 marriages (including civil, customary and civil union), and 473 853 deaths. This subprogramme had a staff complement of 300 in 2013/14.
- *Identification Services* oversees issues relating to identity such as fingerprints, photographs and identity documents. This entails establishing and maintaining national identity systems such as the automated fingerprint identification system. In 2012/13, 1 039 862 identity documents were issued within 54 days. This subprogramme had a staff complement of 503 in 2013/14.
- *Access to Services* provides for the development and facilitation of a strategic channel which ensures the optimal placement and use of the department's services. This is done by: developing, managing and coordinating the department's footprint strategy in relation to opening new department offices, following recommendations from the Human Sciences Research Council; deploying registration facilities at health facilities with maternity wards; scheduling mobile office deployment in rural areas where the department does not have permanent offices; and managing customer telephonic enquiries to the department. In 2013/14, the department connected 85 health facilities, which brings the total number of connected health facilities to 400. This initiative provides facilities for registering births, and the number of connected hospitals is set to increase over the medium term. There are 117 mobile offices equipped with satellite dishes to connect to the department's systems. These mobile offices are used to provide services to remote and rural areas. The department provides its services at 413 service points, including district and regional offices. This subprogramme had a staff complement of 75 in 2013/14.
- *Service Delivery to Provinces* provides for all civic, immigration and refugee affairs functions in all provinces. This entails providing a client interface for the collection and processing of applications, issuing enabling documents that are available on demand (such as temporary identity certificates or temporary passports), and conducting quality assurance checks of permanent residence and citizenship applications. This subprogramme had a staff complement of 6 812 in 2013/14.

- *Film and Publication Board* transfers funds to the Film and Publication Board, which regulates the creation, production, possession, exhibition and distribution of films, interactive computer games and certain publications in terms of the Films and Publications Act (1996). This subprogramme's total budget is transferred in full to the board.
- *Government Printing Works* transfers funds to Government Printing Works, which provides printing services to the South African government and some states in the Southern African Development Community. This subprogramme's total budget was previously transferred in full to the entity.
- *Electoral Commission* transfers funds to the Electoral Commission, which manages the national, provincial and municipal elections, ensures that those elections are free and fair, and declares the results within a prescribed period. This subprogramme's total budget is transferred in full to the commission.

## Expenditure estimates

**Table 4.7 Citizen Affairs**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Citizen Affairs Management	14.5	15.7	28.5	37.7	37.4%	0.6%	24.7	26.0	27.8	-9.7%	0.7%
Status Services	378.7	348.8	302.3	417.9	3.3%	9.7%	92.9	98.4	105.0	-36.9%	4.1%
Identification Services	364.7	233.4	242.5	282.8	-8.1%	7.6%	263.6	277.5	294.9	1.4%	6.5%
Access to Services	101.8	92.5	62.9	68.8	-12.3%	2.2%	101.2	106.5	113.3	18.1%	2.3%
Service Delivery to Provinces	1 418.0	1 402.3	1 574.1	1 785.2	8.0%	41.5%	1 869.9	1 981.1	2 111.1	5.7%	45.0%
Film and Publication Board	56.2	65.5	69.8	82.7	13.7%	1.8%	78.9	82.9	87.3	1.8%	1.9%
Government Printing Works	97.2	129.0	135.2	134.0	11.3%	3.3%	-	-	-	-100.0%	0.8%
Electoral Commission	1 536.0	943.8	871.3	1 579.2	0.9%	33.1%	1 675.7	1 669.3	1 757.8	3.6%	38.8%
<b>Total</b>	<b>3 967.2</b>	<b>3 230.9</b>	<b>3 286.7</b>	<b>4 388.2</b>	<b>3.4%</b>	<b>100.0%</b>	<b>4 106.9</b>	<b>4 241.7</b>	<b>4 497.1</b>	<b>0.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(29.6)			13.9	15.1	(41.7)		

### Economic classification

<b>Current payments</b>	<b>2 128.6</b>	<b>2 073.7</b>	<b>2 197.4</b>	<b>2 587.7</b>	<b>6.7%</b>	<b>60.4%</b>	<b>2 350.2</b>	<b>2 487.3</b>	<b>2 649.7</b>	<b>0.8%</b>	<b>58.5%</b>
Compensation of employees	1 350.6	1 431.7	1 573.7	1 863.0	11.3%	41.8%	1 964.6	2 083.9	2 222.9	6.1%	47.2%
Goods and services	777.9	642.0	623.7	724.7	-2.3%	18.6%	385.6	403.4	426.8	-16.2%	11.3%
of which:											
Computer services	42.6	41.6	24.0	14.6	-30.1%	0.8%	14.6	15.3	16.2	3.6%	0.4%
Operating leases	1.3	2.2	3.1	21.7	153.2%	0.2%	4.7	4.9	5.2	-37.7%	0.2%
Property payments	10.3	1.6	6.5	5.0	-21.3%	0.2%	1.0	1.1	1.1	-39.0%	-
Travel and subsistence	181.6	56.3	67.3	(2.2)	-123.0%	2.0%	53.2	55.7	67.4	-412.0%	1.0%
<b>Transfers and subsidies</b>	<b>1 697.9</b>	<b>1 145.0</b>	<b>1 086.4</b>	<b>1 797.8</b>	<b>1.9%</b>	<b>38.5%</b>	<b>1 756.7</b>	<b>1 754.4</b>	<b>1 847.4</b>	<b>0.9%</b>	<b>41.5%</b>
Provinces and municipalities	0.3	0.6	0.8	0.9	39.1%	-	1.0	1.0	1.1	5.6%	-
Departmental agencies and accounts	1 689.5	1 138.2	1 076.4	1 795.9	2.1%	38.3%	1 754.6	1 752.2	1 845.1	0.9%	41.5%
Households	8.1	6.1	9.2	1.0	-50.5%	0.2%	1.1	1.2	1.2	8.0%	-
<b>Payments for capital assets</b>	<b>140.8</b>	<b>12.2</b>	<b>2.8</b>	<b>2.7</b>	<b>-73.3%</b>	<b>1.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
Buildings and other fixed structures	-	-	-	0.1	-	-	-	-	-	-100.0%	-
Machinery and equipment	96.4	9.1	2.8	2.6	-70.2%	0.7%	-	-	-	-100.0%	-
Software and other intangible assets	44.4	3.1	-	0.0	-91.5%	0.3%	-	-	-	-100.0%	-
<b>Total</b>	<b>3 967.2</b>	<b>3 230.9</b>	<b>3 286.7</b>	<b>4 388.2</b>	<b>3.4%</b>	<b>100.0%</b>	<b>4 106.9</b>	<b>4 241.7</b>	<b>4 497.1</b>	<b>0.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>59.9%</b>	<b>56.2%</b>	<b>59.6%</b>	<b>62.7%</b>			<b>62.0%</b>	<b>64.7%</b>	<b>60.7%</b>		

### Details of selected transfers and subsidies

<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>8.1</b>	<b>6.1</b>	<b>9.2</b>	<b>1.0</b>	<b>-50.5%</b>	<b>0.2%</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>	<b>8.0%</b>	<b>-</b>
Employee social benefits	8.1	6.1	9.2	1.0	-50.5%	0.2%	1.1	1.2	1.2	8.0%	-
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>1 689.5</b>	<b>1 138.2</b>	<b>1 076.4</b>	<b>1 795.9</b>	<b>2.1%</b>	<b>38.3%</b>	<b>1 754.6</b>	<b>1 752.2</b>	<b>1 845.1</b>	<b>0.9%</b>	<b>41.5%</b>
Film and Publication Board	56.2	65.5	69.8	82.7	13.7%	1.8%	78.9	82.9	87.3	1.8%	1.9%
Government Printing Works	97.2	129.0	135.2	134.0	11.3%	3.3%	-	-	-	-100.0%	0.8%
Electoral Commission	1 536.0	943.8	871.3	1 579.2	0.9%	33.1%	1 675.7	1 669.3	1 757.8	3.6%	38.8%

## Personnel information

**Table 4.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014			Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
Number of funded posts	Number of posts additional to the establishment		Actual 2012/13			Revised estimate 2013/14			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	2014/15		2015/16		2016/17						
Citizen Affairs			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17	
Salary level	8 333		7 426	1 573.7	0.2	8 333	1 863.0	0.2	8 333	1 964.6	0.2	8 333	2 083.9	0.3	8 333	2 222.9	0.3	-	100.0%
1 – 6	6 171	-	5 607	386.2	0.1	6 171	468.0	0.1	6 171	464.8	0.1	6 171	473.8	0.1	6 171	517.3	0.1	-	74.1%
7 – 10	1 990	-	1 697	437.7	0.3	1 990	616.4	0.3	1 990	631.3	0.3	1 990	679.3	0.3	1 990	736.4	0.4	-	23.9%
11 – 12	103	-	73	240.9	3.3	103	247.1	2.4	103	260.0	2.5	103	239.6	2.3	103	241.3	2.3	-	1.2%
13 – 16	69	1	49	508.9	10.4	69	531.4	7.7	69	608.4	8.8	69	691.2	10.0	69	728.0	10.6	-	0.8%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on: rolling out the national population registration campaign, with the aim of registering births, marriages and deaths, and issuing secure identity and travel documents to eligible citizens and residents; enhancing access to services by expanding the department's footprint; and improving the functioning of customer service centres. To achieve these objectives, the bulk of the programme's budget over the medium term is directed towards spending on compensation of employees, fleet services (excluding government motor transport), stationery and printing and office supplies, contractors, travel and subsistence, and transfer payments made to the Electoral Commission and Film and Publication Board. The expenditure on these items is directed towards the improvement of the quality of services the department offers to South African citizens and foreign nationals. Compensation of employees accounts for 48.2 per cent of the programme's budget, and transfer payments account for 42.6 per cent. The reason for the bulk of the expenditure going to compensation of employees is that the department requires enough people staffing all its offices so as to offer both civic and immigration services to the public in the subprogramme *Service Delivery to Provinces*. The department plans to: reduce the turnaround time for issuing the identity document from the current 54 days, when it replaces the identity book with a smart identity card; register new births within 30 days; and maintain the current turnaround time of 13 days for issuing a passport using the live capture process.

Over the medium term, expenditure on transfers and subsidies is expected to increase due to additional allocations to the Electoral Commission for the 2014 national and provincial elections and the 2016 municipal elections. To give effect to Cabinet approved budget reductions, the programme will cut spending by R19.9 million in 2014/15, R20.5 million in 2015/16, and R20.5 million in 2016/17. The reductions were mainly effected in non-core areas of the department's operations, such as venues and facilities, and catering and entertainment. The department will continue to incur expenditure on these non-core items but will decrease activity levels in line with the reductions and as a result service delivery will not be affected. The significant decrease in goods and services from 2013/14 and over the medium term is mainly as a result of expenditure related to the issuing of enabling documents being funded from the self-financing funds.

The programme has a funded establishment of 8 333 made up mainly of frontline and back office staff in service delivery offices and head office staff, of which 133 posts were vacant as at 30 November 2013 due to natural attrition and the length of time it takes to finalise the recruitment process. Personnel numbers are expected to remain at 8 333 in each year of the MTEF period because the IT modernisation programme automated all business processes. The department uses consultants on an ad hoc basis, particularly with regard to ICT, where the department experiences difficulty in attracting suitably qualified and experienced candidates.

## Programme 3: Immigration Affairs

### Objectives

- Maintain the standard of service delivery for enabling documents while improving on the percentage of applications processed within a specified period by:

- issuing permanent residence permits (applications collected within South Africa) within 8 months, increasing from 50 per cent in 2014/15 to 75 per cent in 2016/17
- issuing temporary residence permits (business, critical skills and general work) within 8 weeks, increasing from 62 per cent in 2014/15 to 82 per cent in 2016/17
- issuing refugee travel documents within 90 working days, increasing from 80 per cent in 2014/15 to 95 per cent in 2016/17
- issuing 50 per cent of refugee identity documents within 90 working days for the period 2014/15 to 2016/17.

## Subprogrammes

- *Immigration Affairs Management* provides for the overall management of the branch and provides policy direction, sets standards and manages back office processes. This subprogramme had a staff complement of 16 in 2013/14.
- *Admission Services* is discussed in more detail below.
- *Immigration Services* is discussed in more detail below.
- *Asylum Seekers* considers and processes applications for asylum, issues enabling documents to refugees and facilitates processes to find durable solutions to refugee problems in line with the Refugees Act (1998). The head office is responsible for providing strategic leadership while refugee reception offices are responsible for operations. This subprogramme had a staff complement of 33 in 2013/14.

## Expenditure estimates

Table 4.9 Immigration Affairs

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)		
	2010/11	2011/12	2012/13		2013/14	2010/11	2013/14	2014/15	2015/16	2016/17	2013/14	2016/17
R million												
Immigration Affairs Management	54.7	79.0	99.9	38.0	-11.4%	8.7%	30.5	32.1	34.1	-3.5%	4.7%	
Admission Services	292.7	272.3	319.8	396.0	10.6%	41.3%	247.0	260.3	276.6	-11.3%	41.5%	
Immigration Services	562.8	239.6	271.9	265.3	-22.2%	43.2%	315.5	332.3	352.9	10.0%	44.5%	
Asylum Seekers	50.1	41.8	58.7	61.9	7.3%	6.8%	63.5	66.7	70.8	4.6%	9.2%	
<b>Total</b>	<b>960.3</b>	<b>632.7</b>	<b>750.2</b>	<b>761.1</b>	<b>-7.5%</b>	<b>100.0%</b>	<b>656.5</b>	<b>691.4</b>	<b>734.4</b>	<b>-1.2%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				93.4			(41.6)	(43.5)	(20.4)			
<b>Economic classification</b>												
<b>Current payments</b>	<b>926.8</b>	<b>631.6</b>	<b>749.0</b>	<b>761.1</b>	<b>-6.4%</b>	<b>98.8%</b>	<b>656.2</b>	<b>691.1</b>	<b>734.1</b>	<b>-1.2%</b>	<b>100.0%</b>	
Compensation of employees	460.0	238.5	258.5	262.0	-17.1%	39.3%	315.7	334.8	357.2	10.9%	44.7%	
Goods and services	466.8	393.1	490.5	499.1	2.3%	59.6%	340.5	356.3	376.9	-8.9%	55.3%	
of which:												
Computer services	30.0	141.9	162.5	132.1	64.0%	15.0%	111.6	116.8	124.6	-1.9%	17.1%	
Operating leases	12.4	3.1	0.9	0.7	-61.2%	0.5%	0.6	0.6	0.7	-2.9%	0.1%	
Property payments	0.5	0.0	0.0	0.0	-63.6%	–	0.0	0.0	0.0	-15.3%	–	
Travel and subsistence	129.5	51.1	79.6	99.4	-8.5%	11.6%	26.1	27.3	27.8	-34.6%	6.4%	
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>1.1</b>	<b>0.7</b>	<b>–</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>–</b>	<b>–</b>	
Households	0.2	1.1	0.7	(0.0)	-121.8%	0.1%	0.3	0.3	0.4	-666.7%	–	
<b>Payments for capital assets</b>	<b>33.3</b>	<b>0.1</b>	<b>0.5</b>	<b>0.0</b>	<b>-92.5%</b>	<b>1.1%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>	
Machinery and equipment	24.2	0.1	0.5	–	-100.0%	0.8%	–	–	–	–	–	
Software and other intangible assets	9.1	–	–	–	-100.0%	0.3%	–	–	–	–	–	
<b>Total</b>	<b>960.3</b>	<b>632.7</b>	<b>750.2</b>	<b>761.1</b>	<b>-7.5%</b>	<b>100.0%</b>	<b>656.5</b>	<b>691.4</b>	<b>734.4</b>	<b>-1.2%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>14.5%</b>	<b>11.0%</b>	<b>13.6%</b>	<b>10.9%</b>			<b>9.9%</b>	<b>10.5%</b>	<b>9.9%</b>			

## Personnel information

**Table 4.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Immigration Affairs</b>																			
<b>Salary level</b>	<b>1 024</b>	<b>-</b>	<b>850</b>	<b>258.5</b>	<b>0.3</b>	<b>1 024</b>	<b>262.0</b>	<b>0.3</b>	<b>1 024</b>	<b>315.7</b>	<b>0.3</b>	<b>1 024</b>	<b>334.8</b>	<b>0.3</b>	<b>1 024</b>	<b>357.2</b>	<b>0.3</b>	<b>-</b>	<b>100.0%</b>
1 – 6	653	-	565	122.7	0.2	653	62.4	0.1	653	112.2	0.2	653	67.8	0.1	653	229.1	0.4	-	63.8%
7 – 10	305	-	242	109.6	0.5	305	160.3	0.5	305	35.9	0.1	305	215.7	0.7	305	85.9	0.3	-	29.8%
11 – 12	41	-	24	9.0	0.4	41	14.9	0.4	41	151.2	3.7	41	15.8	0.4	41	18.2	0.4	-	4.0%
13 – 16	25	-	19	17.3	0.9	25	24.3	1.0	25	16.4	0.7	25	35.6	1.4	25	24.0	1.0	-	2.4%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on facilitating the import of critical skills into South Africa; implementing effective and efficient asylum and refugee management strategies and systems, such as the development of a framework to guide the establishment of strategically located refugee reception centres; and improving access to, and the smooth facilitation of traveller movements at, land ports of entry through the implementation of systems such as advance passenger processing, enhanced movement control, and national immigration information systems. To achieve these objectives, the bulk of the department's budget over the medium term is directed towards spending on compensation of employees, training and development for immigration officers, contractors who provide specialised professional services, travel and subsistence, and transport provided for departmental activity. Spending on compensation of employees accounts for 39.5 per cent of the total spending in this programme over the medium term, mainly as a result of the administrative support and inspectorate functions which require human capacity. In the same period, agency and support or outsourced services account for 14.8 per cent of the goods and services expenditure, which is related to the management of the Lindela Repatriation Centre, a holding facility for illegal foreigners waiting for deportation, by an external service provider. The department plans to reduce the turnaround time for issuing permanent permits from over a year to within 8 months, maintaining the turnaround times for issuing temporary residence permits for business, critical skills and general work to within 8 weeks, and refugee travel and identity documents to within 90 working days.

Cabinet approved budget reductions of R19.9 million in 2014/15, R20.5 million in 2015/16 and R20.5 million in 2016/17 are to be mainly effected in the subprogrammes *Admission Services* and *Immigration Services* in non-core areas of operations such as venues and facilities, catering, and entertainment. The reductions will not negatively impact on the delivery of services as the department intends scaling down expenditure on these non-core activities.

The programme has a funded establishment of 1 024 posts made up mainly of frontline and back office staff in service delivery offices and head office staff, of which none were vacant as at 30 November 2013. Personnel numbers are expected to remain at 1 024 in each year of the MTEF period, with spending on compensation of employees increasing moderately due to improved conditions of service. The main reason for the personnel numbers remaining constant over the medium term is the implementation of the systems modernisation programme, which automates all business processes. Certain functions that were previously performed manually and required human capacity will no longer exist, and affected personnel will be trained and redeployed to other functional areas.

### Subprogramme: Admission Services

This subprogramme is responsible for issuing visas, securely facilitating the entry and departure of persons to and from South Africa in line with the Immigration Act (2002); recording their movements on the movement control system; and controlling the processing of applications for permanent and temporary residence permits,

including work, study and business permits. As at 31 December 2013, a total of 41 848 permits were issued, of which 742 were permanent residence permits and 41 106 were temporary residence permits.

## Expenditure estimates

**Table 4.11 Admission Services**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million	259.9	272.0	319.1	396.0	15.1%	97.4%	247.0	260.3	276.6	-11.3%	100.0%
<b>Current payments</b>	<b>259.9</b>	<b>272.0</b>	<b>319.1</b>	<b>396.0</b>	<b>15.1%</b>	<b>97.4%</b>	<b>247.0</b>	<b>260.3</b>	<b>276.6</b>	<b>-11.3%</b>	<b>100.0%</b>
Compensation of employees	115.1	107.8	142.6	185.3	17.2%	43.0%	132.6	140.6	149.3	-6.9%	51.5%
Goods and services	144.8	164.2	176.5	210.7	13.3%	54.4%	114.4	119.7	127.4	-15.4%	48.5%
of which:											
Computer services	22.3	134.1	161.1	121.8	76.1%	34.3%	103.0	107.8	114.7	-2.0%	37.9%
Operating leases	0.0	0.1	0.4	0.4	111.4%	0.1%	0.3	0.3	0.3	-11.9%	0.1%
Property payments	0.1	-	-	-	-100.0%	-	-	-	-	-	-
Travel and subsistence	105.3	27.2	7.9	75.1	-10.6%	16.8%	4.0	4.2	4.4	-61.1%	7.4%
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>0.4</b>	<b>0.6</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>
Households	0.2	0.4	0.6	(0.0)	-123.6%	0.1%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>32.6</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>2.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Machinery and equipment	23.6	-	0.0	-	-100.0%	1.8%	-	-	-	-	-
Software and other intangible assets	9	-	-	-	-100.0%	0.7%	-	-	-	-	-
<b>Total</b>	<b>292.7</b>	<b>272.3</b>	<b>319.8</b>	<b>396.0</b>	<b>10.6%</b>	<b>100.0%</b>	<b>247.0</b>	<b>260.3</b>	<b>276.6</b>	<b>-11.3%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>30.5%</b>	<b>43.0%</b>	<b>42.6%</b>	<b>52.0%</b>			<b>37.6%</b>	<b>37.7%</b>	<b>37.7%</b>		

## Personnel information

**Table 4.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
2012/13			Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost	2016/17				Unit Cost	2013/14 - 2016/17	
<b>Admission Services</b>			<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>		
Salary level	802	-	709	142.6	0.2	802	185.3	0.2	802	132.6	0.2	802	140.6	0.2	802	149.3	0.2	-	100.0%
1 – 6	587	-	531	100.8	0.2	587	87.3	0.2	587	69.9	0.1	587	57.6	0.1	587	60.3	0.1	-	73.2%
7 – 10	191	-	159	28.3	0.2	191	80.2	0.4	191	44.9	0.2	191	65.2	0.3	191	71.2	0.4	-	23.8%
11 – 12	17	-	14	9.0	0.6	17	9.9	0.6	17	9.9	0.6	17	9.9	0.6	17	9.9	0.6	-	2.1%
13 – 16	7	-	5	4.5	0.9	7	7.9	1.1	7	7.9	1.1	7	7.9	1.1	7	7.9	1.1	-	0.9%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on: developing policy options to manage the migration of skilled and unskilled migrants; rationalising the viability of ports of entry for more secure, efficient and cost effective facilitation of people and goods; rolling out the trusted traveller programme to designated ports of entry; and issuing scarce skills permits to allow skilled migrants to contribute to the country's economic growth. To achieve these objectives, the bulk of the department's budget over the medium term is directed towards spending on compensation of employees, computer equipment and services, and travel and subsistence. Over the medium term, expenditure on computer services increases slightly mainly as result of increases in maintenance costs for the refugee information management system. During the same period, expenditure on compensation of employees increases moderately to provide for inflationary adjustments. The subprogramme has a funded establishment of 802 posts. Personnel numbers are expected to remain at 802 over the MTEF period as the IT modernisation programme has automated all business processes.

Over the medium term the department plans to attract 50 000 foreigners with critical skills each year in order to contribute to economic growth and job creation; it also plans to reduce congestion and long queues at ports of entry, especially during the festive season, to facilitate the movement of people and goods in and out of the country.

## Subprogramme: Immigration Services

This subprogramme deals with immigration matters in foreign countries; detects, detains and departs illegal immigrants in terms of the Immigration Act (2002); and provides policy directives on immigration matters. At the end of December 2013, 67 575 illegal immigrants had been deported.

### Expenditure estimates

Table 4.13 Immigration Services

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Current payments</b>	<b>562.7</b>	<b>239.0</b>	<b>271.8</b>	<b>265.3</b>	<b>-22.2%</b>	<b>99.9%</b>	<b>315.5</b>	<b>332.3</b>	<b>352.9</b>	<b>10.0%</b>	<b>100.0%</b>
Compensation of employees	296.0	67.1	67.0	42.1	-47.8%	35.2%	148.7	157.7	167.3	58.4%	40.7%
Goods and services	266.7	171.9	204.8	223.2	-5.8%	64.7%	166.9	174.6	185.6	-6.0%	59.3%
<b>Transfers and subsidies</b>	<b>-</b>	<b>0.7</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Households	-	0.7	0.1	-	-	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Machinery and equipment	0.1	0.0	0.0	-	-100.0%	-	-	-	-	-	-
<b>Total</b>	<b>562.8</b>	<b>239.6</b>	<b>271.9</b>	<b>265.3</b>	<b>-22.2%</b>	<b>100.0%</b>	<b>315.5</b>	<b>332.3</b>	<b>352.9</b>	<b>10.0%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>58.6%</b>	<b>37.9%</b>	<b>36.2%</b>	<b>34.9%</b>			<b>48.1%</b>	<b>48.1%</b>	<b>48.0%</b>		

### Personnel information

Table 4.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number				
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)						
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost								
<b>Immigration Services</b>		<b>137</b>			<b>125</b>	<b>70.0</b>	<b>0.5</b>	<b>137</b>	<b>42.1</b>	<b>0.3</b>	<b>137</b>	<b>148.7</b>	<b>1.1</b>	<b>137</b>	<b>157.7</b>	<b>1.2</b>	<b>137</b>	<b>167.3</b>	<b>1.2</b>		
Salary level	137	-	125	70.0	0.5	137	42.1	0.3	137	148.7	1.1	137	157.7	1.2	137	167.3	1.2	-	100.0%		
1 - 6	46	-	40	11.2	0.3	46	5.0	0.1	46	83.9	1.8	46	92.9	2.0	46	102.4	2.2	-	33.6%		
7 - 10	80	-	75	46.5	0.6	80	20.8	0.3	80	48.5	0.6	80	48.5	0.6	80	48.6	0.6	-	58.4%		
11 - 12	6	-	5	4.8	1.0	6	9.8	1.6	6	9.8	1.6	6	9.8	1.6	6	9.8	1.6	-	4.4%		
13 - 16	5	-	5	4.5	1.0	5	6.5	1.3	5	6.5	1.3	5	6.5	1.3	5	6.5	1.3	-	3.6%		

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

2. Rand million.

### Expenditure trends

The spending focus over the medium term will be on ensuring that the management of the Lindela Repatriation Centre complies with the highest applicable human rights standards in line with the Constitution and the Immigration Act (2002), and that the transportation of people found to be in South Africa illegally is carried out speedily. Additional spending in this programme will be on: training, to prepare staff for a four year deployment to foreign missions, both to replace staff whose terms are coming to an end and to fill some new postings; and the actual deployment of such staff for the rendering of consular services abroad. To achieve these objectives, the bulk of the programme's budget over the medium term is directed towards spending on compensation of employees, agency and support or outsourced services, and transport provided for departmental activity, which relates to transport costs for the deportation of illegal foreigners. The department plans to increase the number of illegal foreigners deported per year from 80 000 to 95 000 by improving the early detection and identification of over stayers by the inspectorate division. This will reduce the number of detainees at the Lindela Repatriation Centre, and the cost associated with transport and food. Over the medium term, expenditure is expected to increase slightly due to the annual adjustment to cater for inflation. The subprogramme has a funded establishment of 137, and personnel numbers are expected to remain at 137 in each year of the MTEF period.

## Public entities and other agencies

### Electoral Commission

#### Mandate and goals

The Electoral Commission is a chapter 9 constitutional institution reporting directly to Parliament. It was established in terms of the Electoral Commission Act (1996), which sets out the composition, powers, functions and duties of the Electoral Commission. The commission is mandated to manage national, provincial and municipal elections; ensure that those elections are free and fair; and declare results within a prescribed period.

The commission's strategic goals over the medium term are to:

- strengthen governance, institutional excellence, professionalism and enabling business processes, at all levels of the organisation
- achieve pre-eminence in the area of managing elections and referenda, including the strengthening of a cooperative relationship with political parties
- strengthen electoral democracy.

#### Selected performance indicators

Table 4.15 Electoral Commission

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of registered voters as at 31 March each year	Electoral Operations	Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship	23 655 046	23 363 394	22 979 394	25 000 000	24 600 000	25 600 000	25 200 000
Number of contracted voting stations on main registration weekends or general election days	Electoral Operations		20 859	20 859	– <sup>1</sup>	22 300	22 300	22 600	22 600
Number of liaison sessions with members of party liaison committees at national (6), provincial (72) and municipal (1 322) levels per year	Electoral Operations		2 002	1 695	1 234	2 517	1 400	2 600	1 400
Number of electoral staff recruited and trained per year	Electoral Operations		57 405	198 226	1 071 <sup>2</sup>	50 092	213 092	50 092	213 092
Voter turnout in the national and provincial elections of 2014; and in the local government elections of 2011 and 2016, as a percentage of registered voters	Outreach		–	57.64%	–	–	80%	–	60%
Number of civic and democracy education events per year	Outreach		3 124	89 321 <sup>3</sup>	4 215	8 063	6 000	8 500	7 000
Number of interactions/liaisons with international stakeholders per year	Outreach		19	14	12	30	30	30	30

1. Non-election years, though these years are used to campaign for registration.

2. This was a non-election year in which there were no election activities; as a result no expansion staff were recruited.

3. In the 2011/12 local government elections, KwaZulu-Natal recorded all meetings as an event, including very small meetings, hence the large number. The standard definition of events has been provided to all offices and will be used going forward.

#### Programmes/activities/objectives

Table 4.16 Electoral Commission

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
Administration	370.0	474.2	383.1	483.1	9.3%	37.5%	509.2	521.6	525.7	2.9%	31.8%
Electoral operations	567.8	712.2	316.8	767.1	10.5%	48.9%	912.2	787.7	944.2	7.2%	53.1%
Outreach	202.8	128.8	65.7	279.9	11.3%	13.6%	191.7	287.7	199.0	-10.7%	15.0%
<b>Total expense</b>	<b>1 140.6</b>	<b>1 315.2</b>	<b>765.6</b>	<b>1 530.1</b>	<b>10.3%</b>	<b>100.0%</b>	<b>1 613.1</b>	<b>1 597.0</b>	<b>1 668.9</b>	<b>2.9%</b>	<b>100.0%</b>

## Expenditure estimates

Table 4.17 Electoral Commission

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Revenue</b>											
Non-tax revenue	23.6	10.6	6.1	15.0	-14.1%	1.2%	15.0	15.0	15.0	-	1.0%
of which:											
Other non-tax revenue	23.6	10.6	6.1	15.0	-14.0%	1.2%	15.0	15.0	15.0	-	1.0%
Transfers received	1 437.9	844.2	762.2	1 464.0	0.6%	98.8%	1 553.6	1 541.6	1 623.3	3.5%	99.0%
<b>Total revenue</b>	<b>1 461.6</b>	<b>854.8</b>	<b>768.3</b>	<b>1 479.0</b>	<b>0.4%</b>	<b>100.0%</b>	<b>1 568.6</b>	<b>1 556.6</b>	<b>1 638.3</b>	<b>3.5%</b>	<b>100.0%</b>
<b>Expenses</b>											
Current expenses	1 140.6	1 315.2	765.6	1 530.1	10.3%	100.0%	1 613.1	1 597.0	1 668.9	2.9%	100.0%
Compensation of employees	421.4	412.6	369.1	577.3	11.1%	38.6%	566.2	668.5	627.5	2.8%	38.1%
Goods and services	671.0	845.9	339.0	887.9	9.8%	56.4%	984.2	875.0	995.4	3.9%	58.4%
Depreciation	47.9	56.4	57.5	64.8	10.6%	5.1%	62.8	53.4	46.0	-10.8%	3.6%
Interest, dividends and rent on land	0.4	0.3	0.0	-	-100.0%	0.0%	-	-	-	-	-
<b>Total expenses</b>	<b>1 140.6</b>	<b>1 315.2</b>	<b>765.6</b>	<b>1 530.1</b>	<b>10.3%</b>	<b>100.0%</b>	<b>1 613.1</b>	<b>1 597.0</b>	<b>1 668.9</b>	<b>2.9%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>321.0</b>	<b>(460.0)</b>	<b>3.0</b>	<b>(51.0)</b>	<b>-154.2%</b>		<b>(44.0)</b>	<b>(40.0)</b>	<b>(31.0)</b>	<b>-15.3%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	339.9	339.7	301.2	288.3	-5.3%	70.9%	242.7	200.5	185.0	-13.8%	78.9%
of which:											
Acquisition of assets	119.6	63.0	52.7	56.8	-22.0%	14.7%	18.3	13.1	15.4	-35.3%	8.4%
Inventory	27.7	14.1	12.0	21.0	-8.8%	3.9%	10.0	25.0	10.0	-21.9%	5.7%
Receivables and prepayments	18.9	17.3	13.5	13.5	-10.6%	3.4%	13.5	13.5	13.5	-	4.8%
Cash and cash equivalents	562.6	37.8	32.5	30.0	-62.4%	21.5%	30.0	30.0	30.0	-	10.6%
Non-current assets held for sale	0.2	3.9	-	-	-100.0%	0.2%	-	-	-	-	-
<b>Total assets</b>	<b>949.3</b>	<b>412.7</b>	<b>359.2</b>	<b>352.8</b>	<b>-28.1%</b>	<b>100.0%</b>	<b>296.2</b>	<b>269.0</b>	<b>238.5</b>	<b>-12.2%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	805.9	345.5	292.7	218.9	-35.2%	78.0%	213.2	116.0	145.5	-12.7%	59.5%
Deferred income	0.3	4.2	3.9	-	-100.0%	0.5%	-	-	-	-	-
Trade and other payables	143.1	62.6	62.6	133.9	-2.2%	21.4%	83.0	153.0	93.0	-11.4%	40.5%
Provisions	-	0.4	-	-	-	0.0%	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>949.3</b>	<b>412.7</b>	<b>359.2</b>	<b>352.8</b>	<b>-28.1%</b>	<b>100.0%</b>	<b>296.2</b>	<b>269.0</b>	<b>238.5</b>	<b>-12.2%</b>	<b>100.0%</b>
<b>Contingent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.2</b>			<b>-</b>	<b>-</b>	<b>-</b>		

## Personnel information

Table 4.18 Electoral Commission

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	8 328	8 328	1 494	369.1	0.2	8 328	577.3	0.1	8 174	566.2	0.1	8 093	668.5	0.1	8 174	627.5	0.1	2.8%	100.0%
1 - 6	7 347	7 347	656	20.4	0.0	7 347	151.7	0.0	7 193	80.9	0.0	7 112	157.5	0.0	7 193	85.4	0.0	-17.4%	88.0%
7 - 10	82	82	31	5.3	0.2	82	14.3	0.2	82	18.5	0.2	82	19.5	0.2	82	20.7	0.3	13.1%	1.0%
11 - 12	805	805	715	253.5	0.4	805	307.8	0.4	805	348.6	0.4	805	367.1	0.5	805	389.4	0.5	8.2%	9.8%
13 - 16	86	86	84	76.7	0.9	86	89.5	1.0	86	103.2	1.2	86	108.6	1.3	86	115.2	1.3	8.8%	1.0%
17 - 22	8	8	8	13.1	1.6	8	14.1	1.8	8	15.1	1.9	8	15.8	2.0	8	16.8	2.1	6.1%	0.1%

1. Rand million.

## Expenditure trends

The spending focus of the Electoral Commission over the medium term in preparation for the 2014 national and provincial elections will be on: strengthening temporary human and infrastructural capacity during elections; paying tariffs commensurate with the realities of attracting a mature and experienced election day staff complement; improving and increasing the amount of training provided to electoral staff; increasing the number of prefabricated park homes as office accommodation; replacing the zip-zips machines; and implementing information and technology hardware rehabilitation. To achieve these objectives, the bulk of the commission's

budget over the medium term is directed, in registration and election years, towards spending which is linked to the commission's main performance indicators. These spending areas are: compensation for the approximately 560 563 staff appointed to work at the 22 500 voting stations in registration and election periods over the medium term; the intensive training programmes that electoral staff undergo to protect the credibility and integrity of electoral processes; continuous registration and event specific registration activities; voter and civic democracy education programmes; the procurement of the electoral bill of materials, which includes ballot papers, ballot boxes and stationery used at voting stations; extensive communication programmes via various media platforms; the updating of the electoral systems databases in line with election specific requirements; and the updating and rolling out of the commission's IT infrastructure.

Expenditure decreased from R1.3 billion in 2011/12, an election year, to R765.6 million in 2012/13, a non-election year. During a non-election year, civic and democracy education, permanent staff costs and administrative overheads play a major role in expenditure. Regarding the MTEF period, expenditure is expected to increase to R1.7 billion by 2016/17 due to the preparations for the 2014 national and provincial elections and the 2016 local government elections respectively.

The commission has introduced a number of cost saving measures to reduce expenditure and ensure proper budget management practices without compromising the integrity of the electoral processes. These measures have been necessary due to cuts made in baseline amounts over the medium term. A rigorous exercise to reprioritise expenditure was undertaken to fund underfunded projects as a result of the commission's revised strategic priorities in preparation for the 2014 national and provincial elections and the 2016 local government elections. Expenditure relating to travel, workshops, catering, promotional items, and the hiring of temporary staff and professional services are the main areas where strict controls are applied. The commission will continue with the cost saving measures introduced over the medium term in an attempt to fund a portion of the budget shortfalls envisaged over this period.

The commission had a total establishment of 8 328 posts as at 30 November 2013, of which 8 174 were filled. There were 154 vacancies due to natural attrition and newly created positions within the commission. The number of filled posts is expected to decrease in 2014/15 to improve overall efficiency leading up to the national and provincial elections in 2014 and 2016. Due to the cyclical nature of ICT projects, which normally coincide with electoral cycles that demand more ICT resources, the use of short term ICT contractors increases, as this kind capacity can be expanded and contracted at short notice in accordance with the differing skills requirements for various projects.

Subsequent to a review of the service delivery model for outreach in 2012 and in line with the initiative of the then newly appointed commissioners, the commission approved 52 permanent senior administration officer posts across the country. The aim of these posts is to provide permanent capacity to revitalise the outreach programme and to enhance electoral training. This programme will entrench an understanding of democracy in education processes at schools, higher education institutions and with other stakeholders across South Africa. These posts will also provide permanent training capacity to enhance the professionalism of election day staff. The benefit of these additional posts became evident in 2013/14 when training and civic education programmes for the 2014 elections began.

## **Government Printing Works**

### **Mandate and goals**

The mandate of the Government Printing Works is to provide security printing and ancillary services to all organs of state in all spheres of government. The entity performs its mandate subject to policies that the Minister of Home Affairs prescribes.

The entity's strategic goals over the medium term are to:

- develop the printing works as a government component organisation that performs flexibly, and within regulated parameters, as a sustainable ring-fenced business entity
- optimise processes and facilities to increase operational effectiveness and improve customer service
- develop an efficient, effective, well trained and appropriately remunerated workforce.

## Selected performance indicators

Table 4.19 Government Printing Works

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of editions of government and provincial gazettes published per year	Production and operations	Entity mandate	2 290	2 300	2 300	2 300	2 400	2 400	2 400
Number of new passports printed per year	Production and operations		866 500	898 000	650 000	600 000	600 000	600 000	600 000
Number of new identity documents printed per year <sup>1</sup>	Production and operations		2 544 000	2 671 000	2 671 000	3 000 000	1 000 000	1 000 000	–
Number of smart identity cards issued per year <sup>2</sup>	Production and operations		–	–	–	100 000	3 000 000	7 500 000	7 500 000

1. Identity documents will not be printed beyond 2015/16 as a new system of smart identity cards has been introduced.

2. A pilot process to issue smart identity cards started in 2013/14 and the process will be fully rolled out from 2014/15.

## Programmes/activities/objectives

Table 4.20 Government Printing Works

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	128.3	119.8	162.0	195.6	15.1%	21.5%	240.9	256.2	299.0	15.2%	22.3%
Production and operations	473.8	455.5	727.4	568.2	6.2%	78.5%	864.3	1 030.7	1 073.5	23.6%	77.7%
<b>Total expense</b>	<b>602.1</b>	<b>575.3</b>	<b>889.4</b>	<b>763.8</b>	<b>8.3%</b>	<b>100.0%</b>	<b>1 105.2</b>	<b>1 286.8</b>	<b>1 372.5</b>	<b>21.6%</b>	<b>100.0%</b>

## Expenditure estimates

Table 4.21 Government Printing Works

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>756.1</b>	<b>700.8</b>	<b>928.8</b>	<b>659.8</b>	-4.4%	88.2%	<b>1 203.0</b>	<b>1 404.5</b>	<b>1 468.4</b>	30.6%	88.3%
Sale of goods and services other than capital assets	753.4	692.9	928.8	659.8	-4.3%	87.9%	1 203.0	1 404.5	1 468.4	30.6%	88.3%
of which:											
Sales by market establishment	753.4	692.9	928.8	659.8	-4.3%	87.9%	1 203.0	1 404.5	1 468.4	30.6%	88.3%
Other non-tax revenue	2.7	7.9	–	–	-100.0%	0.3%	0.0	0.0	0.0	–	0.0%
Transfers received	60.8	66.3	69.6	208.2	50.8%	11.8%	97.3	113.1	127.3	-15.1%	11.7%
<b>Total revenue</b>	<b>816.9</b>	<b>767.1</b>	<b>998.4</b>	<b>868.0</b>	<b>2.0%</b>	<b>100.0%</b>	<b>1 300.3</b>	<b>1 517.5</b>	<b>1 595.7</b>	<b>22.5%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>602.1</b>	<b>575.3</b>	<b>889.4</b>	<b>763.8</b>	<b>8.3%</b>	<b>100.0%</b>	<b>1 105.2</b>	<b>1 286.8</b>	<b>1 372.5</b>	<b>21.6%</b>	<b>100.0%</b>
Compensation of employees	49.3	57.3	60.1	104.0	28.2%	9.6%	140.8	151.9	182.1	20.5%	12.9%
Goods and services	484.2	442.4	744.1	572.3	5.7%	79.0%	837.3	977.8	1 015.9	21.1%	75.2%
Depreciation	68.5	75.6	80.9	83.0	6.6%	11.1%	122.3	152.2	169.3	26.8%	11.5%
Interest, dividends and rent on land	–	–	4.3	4.5	–	0.3%	4.8	5.0	5.2	4.9%	0.4%
<b>Total expenses</b>	<b>602.1</b>	<b>575.3</b>	<b>889.4</b>	<b>763.8</b>	<b>8.3%</b>	<b>100.0%</b>	<b>1 105.2</b>	<b>1 286.8</b>	<b>1 372.5</b>	<b>21.6%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>215.0</b>	<b>192.0</b>	<b>109.0</b>	<b>104.0</b>	<b>-21.5%</b>		<b>195.0</b>	<b>231.0</b>	<b>223.0</b>	<b>29.0%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	395.0	379.6	367.9	571.1	13.1%	25.2%	904.6	1 031.7	1 057.3	22.8%	42.3%
of which:											
Acquisition of assets	104.2	60.1	69.2	286.2	40.1%	7.5%	455.8	279.3	195.0	-12.0%	14.8%
Inventory	120.9	138.4	155.8	286.7	33.4%	10.1%	167.3	217.8	260.7	-3.1%	11.2%
Receivables and prepayments	212.0	164.3	414.3	205.5	-1.0%	14.3%	252.9	346.9	370.8	21.7%	13.9%
Cash and cash equivalents	645.5	958.5	1 028.3	837.1	9.0%	50.4%	685.5	585.3	572.0	-11.9%	32.6%
<b>Total assets</b>	<b>1 373.4</b>	<b>1 640.7</b>	<b>1 966.4</b>	<b>1 900.4</b>	<b>11.4%</b>	<b>100.0%</b>	<b>2 010.2</b>	<b>2 181.6</b>	<b>2 260.9</b>	<b>6.0%</b>	<b>100.0%</b>
Capital and reserves	683.9	875.7	984.7	1 089.9	16.8%	52.6%	1 285.0	1 515.7	1 738.9	16.8%	66.9%
Deferred income	543.3	605.9	674.2	734.0	10.6%	37.3%	636.6	523.6	396.3	-18.6%	28.0%
Trade and other payables	144.0	156.5	304.4	70.6	-21.1%	9.8%	83.3	141.3	119.1	19.0%	4.9%
Provisions	2.2	2.7	3.0	5.9	38.0%	0.2%	5.2	1.0	6.7	4.1%	0.2%
<b>Total equity and liabilities</b>	<b>1 373.4</b>	<b>1 640.7</b>	<b>1 966.4</b>	<b>1 900.4</b>	<b>11.4%</b>	<b>100.0%</b>	<b>2 010.2</b>	<b>2 181.6</b>	<b>2 260.9</b>	<b>6.0%</b>	<b>100.0%</b>

## Personnel information

**Table 4.22 Government Printing Works**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	299	315	229	60.1	0.3	223	104.0	0.5	307	140.8	0.5	307	151.9	0.5	306	182.1	0.6	20.5%	100.0%
1 – 6	179	187	178	35.6	0.2	171	35.5	0.2	176	47.1	0.3	176	50.7	0.3	175	60.8	0.3	19.7%	62.1%
7 – 10	63	67	37	13.3	0.4	37	23.2	0.6	67	31.0	0.5	67	33.5	0.5	67	40.1	0.6	20.1%	20.5%
11 – 12	32	36	8	5.8	0.7	8	21.0	2.6	36	30.1	0.8	36	32.5	0.9	36	39.0	1.1	22.8%	9.7%
13 – 16	25	25	6	5.4	0.9	7	24.3	3.5	28	32.6	1.2	28	35.2	1.3	28	42.3	1.5	20.3%	7.6%

1. Rand million.

## Expenditure trends

The Government Printing Works generates revenue mainly from manufacturing security printed material such as examination papers, identity documents, and passports; as well as from manufacturing non-security documents such as statistical reports, annual reports, brochures, and standard office stationery. The revenue collected is mainly used to fund both the operational expenditure and capital expenditure as the entity will not receive funding from government over the medium term. Revenue decreased between 2010/11 and 2011/12 and between 2012/13 and 2013/14 due to the commissioning of the new production facility and the equipment replacement programme, but is expected to increase over the medium term as a result of the new facility and equipment increasing the entity's production capacity.

The spending focus over the medium term will be on accelerating the asset replacement programme and developing the entity's production facility to enable it to implement its key strategic objectives, which include; providing functional and secure operating facilities, coordinating and distributing government publications, and developing and implementing an effective and efficient human resources plan. Over the medium term, R929 million has been allocated for spending on the refurbishment of the new facility to provide office accommodation, and also for the acquisition of additional production equipment. This will see the remaining phases of the entity's new security printing division at its Pretoria premises completed by 2014/15. To date, pavilions one and two of the facility have been completed, and a R48 million web fed printing press and a R45 million multi-unit sheet fed printing press have been commissioned. The multi-unit sheet fed printing press has the capacity to produce modern security features such as rainbow images and transparent patterns, which are required for high security printing applications. In addition to this, the entity has acquired other items of machinery and equipment for both the Bosman Street and Visagie Street premises in Pretoria.

The entity has a total of 299 funded posts, of which 223 were filled as at 30 November 2013/14; 76 posts were vacant due to natural attrition. The increase in goods and services expenditure over the medium term is mainly the result of acquiring the new machines and equipment with the latest technology, and reorganising the organisation. This means that a completely new set of highly skilled personnel are required, so existing personnel will be re-trained in order to operate the new machines in the new environment. These highly skilled personnel are remunerated at higher salary levels than is the case with low skilled personnel.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Film and Publication Board** regulates and controls the creation, production, possession, exhibition and distribution of certain films, interactive computer games and publications in terms of the Film and Publications Act (1996). The board is also responsible for monitoring age restricted business premises for compliance with their licence and registration terms. The board's total budget for 2014/15 is R90.8 million.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate	
				2010/11	2011/12		2012/13	2014/15
R million								
<b>Departmental infrastructure</b>								
Sebokeng	Construction of new office building	Pre-feasibility	10.0	1.7	5.9	1.1	-	-
Phuthaditjaba	Construction of new office building	Construction	25.4	0.9	11.1	1.1	18.1	-
Taung	Construction of new office building	Design	19.1	-	0.5	2.0	4.9	-
Hluhluwe	Construction of new office building	Feasibility	12.1	-	0.2	-	11.4	-
Stanger	Construction of new office building	Feasibility	11.9	-	0.0	-	11.4	-
Lusikisiki	Demolition of old prison and construction of new office building	Various	25.6	0.8	1.8	2.0	5.0	-
Randfontein	Demolition of old commando and construction of new office building	Various	22.4	-	1.0	-	5.0	-
Marabastad	Construction of ablution block and shelter	Various	4.9	-	4.4	3.9	0.5	-
Repair and maintenance programme group 1	Renovations, repairs and maintenance of buildings to make them habitable	Construction	32.5	11.6	-	-	-	-
Repair and maintenance programme group 2	Renovations, repairs and maintenance of buildings to make them habitable	Construction	53.1	12.7	-	-	-	-
Repair and upgrade 2011	Renovations, repairs and maintenance of buildings to make them habitable	Various	30.1	10.9	13.8	4.7	-	-
Repair and upgrade 2012	Renovations, repairs and maintenance of buildings to make them habitable	Identification	45.4	-	-	6.0	31.2	-
Other capital works projects	Installation of uninterrupted power supply. Electrical engineering and related services	Various	11.5	-	-	-	-	-
Backlog repairs	Buildings repaired in terms of the Occupational Health and Safety Act (1993)	Handed over	30.9	-	-	-	-	-
Office expansion plan	In collaboration with Government Communication and Information System and South African social security agencies, the department will participate in the Thusong service centre initiative. Approximately 77 offices of the 172 new proposed offices will be catered for under this initiative	Handed over	15.7	-	-	-	-	-
New head office	Refurbishment of 13th floor	Design	2.7	-	-	-	2.0	-
Ganyesa	Construction of new office building	Pre-feasibility	21.7	-	-	-	0.3	3.7
Bushbuckridge	Construction of new office building	Pre-feasibility	15.7	-	-	-	0.3	1.5
Modimolle	Construction of new office building	Pre-feasibility	15.7	-	-	-	0.3	(5.2)
Bochum	Construction of new office building	Pre-feasibility	15.7	-	-	-	-	0.3
Springs	Acquisition of land	Various	0.0	-	-	-	-	-
Ministry	Re-zoning	Pre-feasibility	20.0	-	-	-	20.0	-
Lebombo refugee reception centre	Construction of a refugee reception centre	Feasibility	10.0	-	-	-	10.0	-
Sea Port of Entry New Offices	Construction of new office building	Feasibility	15.0	-	-	-	15.0	-
Lebombo official residential accommodation	Residential accommodation for officials	Feasibility	28.8	-	-	-	28.8	-
Oshoek	Residential accommodation for officials	Feasibility	17.1	-	-	-	17.1	-
Maseru	Residential accommodation for officials	Feasibility	12.1	-	-	-	12.1	-
Beitbridge	Residential accommodation for officials	Feasibility	27.0	-	-	-	27.0	20.0

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
				2010/11	2011/12		2012/13	2014/15	2015/16	2016/17
<b>Departmental infrastructure</b>										
R million										
Sea Port of Entry New Offices	New offices	Feasibility	20.0	-	-	-	-	-	20.0	-
Grobler's Bridge	Residential accommodation for officials	Feasibility	20.0	-	-	-	-	-	10.0	-
Nakop Bridge	Residential accommodation for officials	Feasibility	10.0	-	-	-	-	-	15.0	-
Fitzburg	Residential accommodation for officials	Feasibility	15.0	-	-	-	-	-	10.0	-
Caledonspoort	Residential accommodation for officials	Feasibility	10.0	-	-	-	-	-	15.0	-
North West point of entry	Residential accommodation for officials	Feasibility	15.0	-	-	-	-	-	-	15.0
Northern Cape point of entry	Residential accommodation for officials	Feasibility	15.0	-	-	-	-	-	-	10.0
Eastern Cape point of entry	Residential accommodation for officials	Feasibility	10.0	-	-	-	-	-	-	10.0
Western Cape point of entry	Residential accommodation for officials	Feasibility	10.0	-	-	-	-	-	-	10.0
Beitbridge	Construction of a refugee reception centre	Feasibility	10.0	-	-	-	-	-	-	25.0
Planned maintenance	Upgrading and renovations, such as painting and new flooring	Construction	33.9	5.0	5.0	3.0	3.0	4.5	3.0	3.5
Maintenance	Installation of generators, earth wires and related services	Construction	3.9	3.7	0.2	-	-	1.3	-	-
New corporation building	Elevators	Construction	2.5	-	-	-	-	0.4	-	-
New corporation building	Upgrading and renovations, such as painting and new flooring	Construction	12.0	-	-	-	-	5.2	-	-
Look and Feel	Upgrading and renovations, such as painting and new flooring	Construction	58.8	20.0	35.0	3.7	3.7	-	-	-
<b>Total</b>			<b>798.1</b>	<b>67.2</b>	<b>78.9</b>	<b>27.6</b>	<b>183.3</b>	<b>78.2</b>	<b>93.8</b>	<b>96.4</b>



# Vote 5

## International Relations and Cooperation

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	1 396.3	996.1	–	400.2	1 393.3	1 441.1
International Relations	2 810.2	2 785.4	1.4	23.4	3 002.3	3 225.4
International Cooperation	486.4	485.5	–	0.9	541.3	560.2
Public Diplomacy and Protocol Services	317.2	315.6	0.0	1.6	250.3	265.9
International Transfers	744.3	–	744.3	–	846.8	918.0
<b>Total expenditure estimates</b>	<b>5 754.3</b>	<b>4 582.6</b>	<b>745.7</b>	<b>426.0</b>	<b>6 033.9</b>	<b>6 410.7</b>

Executive authority Minister of International Relations and Cooperation  
Accounting officer Director General of International Relations and Cooperation  
Website address [www.dirco.gov.za](http://www.dirco.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Formulate, coordinate, implement and manage South Africa's foreign policy and international relations programmes.*

### Mandate

According to the Constitution, the president is ultimately responsible for the foreign policy and international relations of South Africa. It is the prerogative of the president to appoint heads of mission, to receive foreign heads of mission, to conduct state to state relations, and to negotiate and sign all international agreements. International agreements that are not of a technical, administrative or executive nature will only bind the country after being approved by Parliament. Parliament also approves the country's ratification of or accession to multilateral agreements. All international agreements must be tabled in Parliament for information purposes.

The Minister of International Relations and Cooperation is entrusted with the formulation, promotion, execution and daily conduct of South Africa's foreign policy.

The department's overall mandate is to work for the realisation of South Africa's foreign policy objectives. This is done by:

- coordinating and aligning South Africa's international relations abroad
- monitoring developments in the international environment
- communicating government's policy positions
- developing and advising government on policy options, creating mechanisms and avenues for achieving objectives
- protecting South Africa's sovereignty and territorial integrity
- contributing to the creation of an enabling international environment for South African business
- sourcing developmental assistance
- assisting South African citizens abroad.

## Strategic goals

The department's strategic goals over the medium term are to:

- promote policies, strategies and programmes to advance South Africa's national priorities through strengthened political, economic and social relations with targeted countries
- participate in the global system of governance to enhance international responsiveness to the needs of developing countries and Africa in particular through a reformed, strengthened and equitable rules based multilateral system
- enhance the African Agenda and sustainable development to promote global security, sustainable development and human rights
- strengthen political and economic integration of Southern African Development Community (SADC)
- strengthen relations with strategic formations of the North, as well as South-South relations
- provide effective state protocol services in response to the requirements of the Vienna Convention.

## Programme purposes

### Programme 1: Administration

**Purpose:** Develop overall policy and manage the department.

### Programme 2: International Relations

**Purpose:** Promote relations with foreign countries.

### Programme 3: International Cooperation

**Purpose:** Participate in international organisations and institutions in line with South Africa's national values and foreign policy objectives.

### Programme 4: Public Diplomacy and Protocol Services

**Purpose:** Communicate South Africa's role and position in international relations in domestic and international arenas, and provide protocol services.

### Programme 5: International Transfers

**Purpose:** Fund membership fees and transfers to international organisations.

## Selected performance indicators

**Table 5.1 International Relations and Cooperation**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
Number of structured bilateral mechanisms to promote national priorities (African Agenda and the agenda of the South) per year	International Relations	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	17	34	34	34
Number of high level engagements coordinated to promote national priorities per year	International Relations		- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	40	65	65	65
Number of bilateral agreements signed with foreign countries per year	International Relations		73	75	81	87	- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>
Number of economic diplomacy activities to attract investment, tourism and development of cooperation per year:	International Relations								
Trade and investment seminars			- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	88	273	273	273
Engagements with chambers of commerce			- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	28	155	155	155

**Table 5.1 International Relations and Cooperation**

Indicator	Programme	Outcome	Past			Current 2013/14	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Bilateral meetings held with targeted government ministries and high level potential investors	International Relations	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	39	34	34	34
Development cooperation initiatives	International Relations		- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	2	115	115	115
Number of African Union structures and processes used to promote peace and stability, socioeconomic development, and good governance and democracy on the continent per year	International Cooperation		- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	3	4	4	4
Number of New Partnership for Africa's Development summits, working group meetings and processes supported with substance and logistics to enhance socioeconomic development on the continent per year	International Cooperation		- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	3	4	4	4
Number of SADC structures and processes supported with substance and logistics to promote peace and stability, socio-economic development and good governance and democracy and to promote regional integration per year	International Cooperation		- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	5	10	10	10
Percentage of requests for protocol services responded to per year	Public Diplomacy and Protocol Services		- <sup>3</sup>	- <sup>3</sup>	- <sup>3</sup>	100%	100%	100%	100%
Percentage of requests for public diplomacy services responded to per year	Public Diplomacy and Protocol Services		- <sup>3</sup>	- <sup>3</sup>	- <sup>3</sup>	100%	100%	100%	100%

1. New indicator introduced in 2013/14. No prior year data available.

2. Old indicator discontinued in 2014/15.

3. Indicator was revised and expressed as a percentage from 2013/14.

## The national development plan

With regard to international relations and cooperation, the national development plan's stated objectives are to enhance South Africa's position in the region and the world, and to increase trade and investment. The plan further states that the country's foreign policy should be shaped by the interplay between diplomatic, political, security, environmental, economic and regional dynamics that define international relations. In addition, the plan envisions the country positioning itself as one of Africa's powerhouses, leading development and growth on the continent; and deepening integration with the Brazil-Russia-India-China-South Africa (BRICS) group of countries.

The Department of International Relations and Cooperation contributes to the realisation of the plan's development goals by: continuing to support regional and continental processes, responding to and resolving crises, strengthening regional integration, contributing to an enabling trade environment, increasing intra-African trade, and championing sustainable development and opportunities in Africa.

The department recognises that to achieve the plan's proposed expansion of South Africa's trade and global market share, a greater productive and export capacity and global competitiveness across the region needs to be built. The department's strategic focus is thus to advance a developmental integration agenda in southern Africa, combining trade integration, infrastructure development and sector policy coordination with increased advocacy for a more inclusive global governance system. As such, the integration of the SADC and regional neighbours is critical for the economic development of the region and for South Africa's global competitiveness.

The department also leads efforts to revitalise the New Partnership for Africa's Development (NEPAD) as a strategy for economic development on the African continent, together with ongoing support for the African Peer Review Mechanism. South Africa will continue to use structured bilateral mechanisms and high level

engagements to reinforce and expand cooperation in the political, economic, and social and security spheres for the purpose of contributing to the achievement of national priorities.

## Expenditure estimates

**Table 5.2 International Relations and Cooperation**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)		Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17		
R million													
Administration	1 073.1	1 170.6	1 133.1	1 320.7	1 320.7	7.2%	23.1%		1 396.3	1 393.3	1 441.1	3.0%	23.2%
International Relations	2 053.3	2 213.2	2 451.7	2 768.1	2 768.1	10.5%	46.6%		2 810.2	3 002.3	3 225.4	5.2%	49.3%
International Cooperation	334.4	333.0	370.4	459.0	459.0	11.1%	7.3%		486.4	541.3	560.2	6.9%	8.5%
Public Diplomacy and Protocol Services	201.5	485.4	292.1	254.5	254.5	8.1%	6.1%		317.2	250.3	265.9	1.5%	4.5%
International Transfers	754.9	819.6	937.8	952.4	952.4	8.1%	17.0%		744.3	846.8	918.0	-1.2%	14.5%
<b>Total</b>	<b>4 417.2</b>	<b>5 021.8</b>	<b>5 185.1</b>	<b>5 754.6</b>	<b>5 754.6</b>	<b>9.2%</b>	<b>100.0%</b>		<b>5 754.3</b>	<b>6 033.9</b>	<b>6 410.7</b>	<b>3.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				206.3	206.3				(110.5)	(132.6)	(113.4)		
<b>Economic classification</b>													
<b>Current payments</b>	<b>3 438.9</b>	<b>3 788.9</b>	<b>3 937.9</b>	<b>4 403.3</b>	<b>4 403.3</b>	<b>8.6%</b>	<b>76.4%</b>		<b>4 582.6</b>	<b>4 725.3</b>	<b>5 008.1</b>	<b>4.4%</b>	<b>78.1%</b>
Compensation of employees	1 791.4	1 934.2	2 153.2	2 354.3	2 354.3	9.5%	40.4%		2 461.8	2 484.0	2 670.9	4.3%	41.6%
Goods and services	1 570.7	1 854.7	1 784.7	2 013.2	2 013.2	8.6%	35.4%		2 120.8	2 241.3	2 337.2	5.1%	36.4%
<i>of which:</i>													
Operating leases	558.4	565.1	623.1	753.3	753.3	10.5%	12.3%		763.3	924.5	950.6	8.1%	14.2%
Property payments	134.4	190.0	226.9	226.8	226.8	19.0%	3.8%		223.7	251.8	280.7	7.4%	4.1%
Travel and subsistence	235.4	365.5	349.7	325.9	325.9	11.5%	6.3%		341.9	333.3	370.7	4.4%	5.7%
Operating payments	135.2	151.1	158.9	202.6	202.6	14.4%	3.2%		216.6	239.3	242.2	6.1%	3.8%
Interest and rent on land	76.8	0.1	-	35.8	35.8	-22.4%	0.6%		-	-	-	-100.0%	0.1%
<b>Transfers and subsidies</b>	<b>798.5</b>	<b>827.9</b>	<b>944.8</b>	<b>965.8</b>	<b>965.8</b>	<b>6.5%</b>	<b>17.4%</b>		<b>745.7</b>	<b>848.0</b>	<b>919.2</b>	<b>-1.6%</b>	<b>14.5%</b>
Provinces and municipalities	24.2	-	-	-	-	-100.0%	0.1%		-	-	-	-	-
Departmental agencies and accounts	401.1	450.4	518.0	491.9	491.9	7.0%	9.1%		285.6	366.8	412.5	-5.7%	6.5%
Foreign governments and international organisations	357.0	369.3	419.8	460.4	460.4	8.9%	7.9%		460.1	481.2	506.7	3.2%	8.0%
Public corporations and private enterprises	-	-	0.6	6.8	6.8		0.0%		-	-	-	-100.0%	0.0%
Households	16.2	8.2	6.4	6.7	6.7	-25.5%	0.2%		0.0	0.0	0.0	-81.7%	0.0%
<b>Payments for capital assets</b>	<b>156.3</b>	<b>361.8</b>	<b>302.3</b>	<b>385.5</b>	<b>385.5</b>	<b>35.1%</b>	<b>5.9%</b>		<b>426.0</b>	<b>460.6</b>	<b>483.4</b>	<b>7.8%</b>	<b>7.3%</b>
Buildings and other fixed structures	133.8	326.6	210.0	343.1	343.1	36.9%	5.0%		400.2	422.7	463.3	10.5%	6.8%
Machinery and equipment	22.5	35.2	21.5	42.4	42.4	23.6%	0.6%		25.8	37.9	20.0	-22.1%	0.5%
Land and sub-soil assets	-	-	70.2	-	-		0.3%		-	-	-	-	-
Software and other intangible assets	-	-	0.6	-	-		0.0%		-	-	-	-	-
<b>Payments for financial assets</b>	<b>23.6</b>	<b>43.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.3%</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4 417.2</b>	<b>5 021.8</b>	<b>5 185.1</b>	<b>5 754.6</b>	<b>5 754.6</b>	<b>9.2%</b>	<b>100.0%</b>		<b>5 754.3</b>	<b>6 033.9</b>	<b>6 410.7</b>	<b>3.7%</b>	<b>100.0%</b>

## Personnel information

**Table 5.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

International Relations and Cooperation	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment										Number						
	Number of funded posts	Number of posts additional to the establishment	Actual		Revised estimate		Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)					
			2012/13		2013/14		2014/15		2015/16		2016/17								
			Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost							
Salary level	5 040	2 375	4 747	2 153.2	0.5	4 721	2 354.3	0.5	5 020	2 461.8	0.5	5 020	2 484.0	0.5	5 025	2 670.9	0.5	2.1%	100.0%
1-6	467	5	387	64.9	0.2	419	73.0	0.2	465	82.8	0.2	465	84.2	0.2	466	86.3	0.2	3.6%	9.2%
7-10	1 584	77	1 408	404.3	0.3	1 368	433.2	0.3	1 578	499.8	0.3	1 578	529.8	0.3	1 578	542.9	0.3	4.9%	30.8%
11-12	436	11	406	212.4	0.5	402	221.0	0.5	425	232.8	0.5	425	238.6	0.6	428	247.1	0.6	2.1%	8.5%
13-16	280	12	273	222.4	0.8	259	216.8	0.8	279	248.7	0.9	279	256.1	0.9	280	264.7	0.9	2.6%	5.5%
Other	2 273	2 270	2 273	1 249.3	0.5	2 273	1 410.2	0.6	2 273	1 397.8	0.6	2 273	1 375.3	0.6	2 273	1 530.0	0.7	-	46.0%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on sustaining economic and political relations, participating in the global governance forums, and strengthening policy and coordination in relation to outgoing South African development cooperation. To achieve these objectives, the bulk of the department's allocation over the medium term will be directed towards spending on compensation of employees, travel and subsistence, operating leases, transfer payments to international organisations and departmental agencies, and payments for capital assets in the *Administration*, *International Relations* and *International Transfers* programmes.

These programmes support the 124 South African diplomatic missions abroad, the management of the department's diverse assets and property portfolio, and facilitate transfers to international organisations as membership fee contributions. These activities are to be carried out by the personnel on the department's funded establishment of 5 040 posts, of which 2 375 are additional to the approved establishment. The department's establishment includes 2 270 posts for personnel employed in the South African diplomatic missions abroad who are paid in the local currency of that country. This makes expenditure on compensation of employees, specifically in the *International Relations* and *International Cooperation* programmes, vulnerable to fluctuations in the exchange rate. At the end of November 2013, the department had 319 vacant posts due to natural attrition and delays in finalising recruitment processes. The department plans to fill some of the critical vacancies over the medium term to address capacity requirements in key competency areas such as economics, development, international relations and diplomatic affairs. This is expected to increase spending on compensation of employees from R2.4 billion in 2013/14 to R2.7 billion in 2016/17. Expenditure on consultants over the medium term is expected to increase once the department begins the ICT modernisation project and infrastructure development.

Expenditure in the *Administration* programme over the medium term is expected to increase to support other departmental objectives, such as the operationalisation of the South African Council of International Relations, and the finalisation of the Foreign Services Bill and the Partnership Fund for Development Bill. Once enacted, the latter bill will repeal the current African Renaissance International Cooperation Fund Act (2000) and facilitate the operationalisation of the South African Development Partnership Agency, which supports the development of the African continent and the regional integration of the SADC. This is expected to increase spending on legal consultants, communication and compensation of employees over the medium term.

The department receives Cabinet approved additional allocations of R25.2 million over the medium term for capacity building for the South African Development Partnership Agency, R80 million to cater for all the logistical arrangements and the diplomatic and protocol services to be rendered by the department with other departments during the inauguration of the president in 2014, and R115.1 million as a voluntary contribution to the African Union (AU) Commission.

The Budget also includes a Cabinet approved reduction of R576.8 million over the MTEF period, which the department is to effect on the transfer to the African Renaissance International Cooperation Fund and expenditure on non-core items of goods and services. The fund will use its accumulated reserves to sustain itself, if needed, so the reduction is not expected to have an adverse effect on service delivery.

### Infrastructure spending

Spending on infrastructure increased from R134.5 million in 2010/11 to R203 million in 2013/14 and is expected to increase to R236 million over the medium term. The allocation earmarked for infrastructure will go towards the construction of new state owned chanceries, official residences and staff accommodation abroad, and the completion of existing renovation and refurbishment infrastructure projects abroad. In particular, the department expects to complete the construction of chanceries and official residences in Dar es Salaam (Tanzania) and Lilongwe (Malawi), and progress substantially with the construction of chanceries in Kigali (Rwanda) and Mbabane (Swaziland), over the medium term. The department intends to engage the private sector for the development of chanceries and official residences on vacant state owned land in New Delhi (India), Riyadh (Saudi Arabia), Dakar (Senegal), Bamako (Mali), Gaborone (Botswana) and Montevideo (Uruguay) through development agreements or public private partnerships.

## Departmental receipts

Table 5.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2016/17
R thousand												
<b>Departmental receipts</b>	<b>38 817</b>	<b>82 928</b>	<b>46 694</b>	<b>25 409</b>	<b>25 409</b>	<b>-13.2%</b>	<b>100.0%</b>	<b>26 488</b>	<b>27 813</b>	<b>29 119</b>	<b>4.6%</b>	<b>100.0%</b>
Sales of goods and services produced by department	546	586	682	629	629	4.8%	1.3%	596	626	633	0.2%	2.3%
Sales by market establishments	253	270	351	250	250	-0.4%	0.6%	262	275	277	3.5%	1.0%
of which:												
Parking fee	253	270	351	250	250	-0.4%	0.6%	262	275	277	3.5%	1.0%
Administration fees	293	316	-	379	379	9.0%	0.5%	334	351	356	-2.1%	1.3%
of which:												
Insurance fees	43	45	-	341	341	99.4%	0.2%	49	52	54	-45.9%	0.5%
Garnishee fees	250	271	-	38	38	-46.6%	0.3%	285	299	302	99.6%	0.8%
Other sales	-	-	331	-	-	-	0.2%	-	-	-	-	-
of which:												
Replacement of access cards and name tags	-	-	331	-	-	-	0.2%	-	-	-	-	-
Sales of scrap, waste, arms and other used current goods	669	1 003	182	122	122	-43.3%	1.0%	-	-	-	-100.0%	0.1%
of which:												
Sales of scrap	669	1 003	182	122	122	-43.3%	1.0%	-	-	-	-100.0%	0.1%
Fines, penalties and forfeits	-	188	2 554	-	-	-	1.4%	-	-	-	-	-
Interest, dividends and rent on land	198	1 436	582	4 902	4 902	191.5%	3.7%	5 145	5 402	5 424	3.4%	19.2%
Interest	198	1 281	547	807	807	59.7%	1.5%	845	887	902	3.8%	3.2%
Rent on land	-	155	35	4 095	4 095	-	2.2%	4 300	4 515	4 522	3.4%	16.0%
Sales of capital assets	8 170	1 873	1 675	3 997	3 997	-21.2%	8.1%	4 197	4 407	4 410	3.3%	15.6%
Transactions in financial assets and liabilities	29 234	77 842	41 019	15 759	15 759	-18.6%	84.5%	16 550	17 378	18 652	5.8%	62.8%
<b>Total</b>	<b>38 817</b>	<b>82 928</b>	<b>46 694</b>	<b>25 409</b>	<b>25 409</b>	<b>-13.2%</b>	<b>100.0%</b>	<b>26 488</b>	<b>27 813</b>	<b>29 119</b>	<b>4.6%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 5.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2016/17
R million											
Ministry	3.8	4.5	4.4	5.6	14.1%	0.4%	6.0	6.2	6.6	5.7%	0.4%
Departmental Management	9.7	12.6	14.0	14.8	15.1%	1.1%	15.6	16.4	17.5	5.7%	1.2%
Audit Services	13.5	13.2	14.2	17.8	9.5%	1.2%	21.1	20.3	21.0	5.6%	1.4%
Financial Management	94.4	108.9	104.5	113.3	6.3%	9.0%	113.9	112.1	112.4	-0.3%	8.1%
Corporate Services	581.3	517.4	540.8	611.3	1.7%	47.9%	679.8	646.0	657.5	2.5%	46.7%
Diplomatic Training, Research and Development	65.5	62.5	67.5	73.4	3.9%	5.7%	52.4	56.2	61.7	-5.6%	4.4%
Foreign Fixed Assets Management	70.1	216.8	194.5	202.9	42.5%	14.6%	214.0	223.8	235.7	5.1%	15.8%
Office Accommodation	234.8	234.7	193.4	281.5	6.2%	20.1%	293.4	312.2	328.7	5.3%	21.9%
<b>Total</b>	<b>1 073.1</b>	<b>1 170.6</b>	<b>1 133.1</b>	<b>1 320.7</b>	<b>7.2%</b>	<b>100.0%</b>	<b>1 396.3</b>	<b>1 393.3</b>	<b>1 441.1</b>	<b>3.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(7.1)			(7.0)	(74.7)	-		

#### Economic classification

<b>Current payments</b>	<b>937.8</b>	<b>831.1</b>	<b>847.6</b>	<b>977.6</b>	<b>1.4%</b>	<b>76.5%</b>	<b>996.1</b>	<b>970.6</b>	<b>994.5</b>	<b>0.6%</b>	<b>71.0%</b>
Compensation of employees	270.7	310.1	328.3	329.7	6.8%	26.4%	357.3	362.3	369.4	3.9%	25.6%
Goods and services	590.3	520.9	519.3	612.1	1.2%	47.7%	638.8	608.2	625.0	0.7%	44.7%
of which:											
Operating leases	114.3	75.9	74.5	136.9	6.2%	8.5%	109.3	136.8	153.4	3.9%	9.7%
Property payments	11.7	15.8	30.9	22.9	24.9%	1.7%	24.2	25.7	27.1	5.8%	1.8%
Travel and subsistence	78.6	88.8	118.6	92.3	5.5%	8.1%	92.0	90.7	91.7	-0.2%	6.6%
Operating payments	106.5	77.6	71.7	63.3	-15.9%	6.8%	73.2	65.7	68.4	2.6%	4.9%
Interest and rent on land	76.8	0.1	-	35.8	-22.4%	2.4%	-	-	-	-100.0%	0.6%

Table 5.5 Administration

Economic classification	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Transfers and subsidies</b>	<b>1.5</b>	<b>1.0</b>	<b>2.2</b>	<b>2013/14</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>400.2</b>	<b>422.7</b>	<b>446.6</b>	<b>9.2%</b>	<b>29.0%</b>	
Households	1.5	1.0	2.1	-	-100.0%	0.1%	-	-	-	-	-	
<b>Payments for capital assets</b>	<b>134.0</b>	<b>338.2</b>	<b>283.4</b>	<b>343.0</b>	<b>36.8%</b>	<b>23.4%</b>	<b>400.2</b>	<b>422.7</b>	<b>446.6</b>	<b>9.2%</b>	<b>29.0%</b>	
Buildings and other fixed structures	133.8	326.5	209.5	343.0	36.9%	21.6%	400.2	422.7	446.6	9.2%	29.0%	
Machinery and equipment	0.2	11.6	3.7	-	-100.0%	0.3%	-	0.0	0.0	-	-	
Land and sub-soil assets	-	-	70.2	-	-	1.5%	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>(0.2)</b>	<b>0.4</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>1 073.1</b>	<b>1 170.6</b>	<b>1 133.1</b>	<b>1 320.7</b>	<b>7.2%</b>	<b>100.0%</b>	<b>1 396.3</b>	<b>1 393.3</b>	<b>1 441.1</b>	<b>3.0%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>24.3%</b>	<b>23.3%</b>	<b>21.9%</b>	<b>22.9%</b>			<b>24.3%</b>	<b>23.1%</b>	<b>22.5%</b>			

## Personnel information

Table 5.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
<b>Salary level</b>	<b>1 074</b>	<b>105</b>	<b>994</b>	<b>328.3</b>	<b>0.3</b>	<b>989</b>	<b>329.7</b>	<b>0.3</b>	<b>1 074</b>	<b>357.3</b>	<b>0.3</b>	<b>1 074</b>	<b>362.3</b>	<b>0.3</b>	<b>1 074</b>	<b>369.4</b>	<b>0.3</b>	<b>2.8%</b>	<b>100.0%</b>
1 – 6	343	5	291	48.2	0.2	304	52.1	0.2	343	59.8	0.2	343	60.8	0.2	343	62.0	0.2	4.1%	31.7%
7 – 10	551	77	523	160.6	0.3	520	162.3	0.3	551	171.7	0.3	551	173.7	0.3	551	177.1	0.3	1.9%	51.6%
11 – 12	120	11	117	62.7	0.5	110	63.6	0.6	120	70.5	0.6	120	71.7	0.6	120	73.0	0.6	2.9%	11.2%
13 – 16	57	12	60	52.4	0.9	52	47.1	0.9	57	50.5	0.9	57	51.3	0.9	57	52.4	0.9	3.1%	5.3%
Other	3	-	3	4.4	1.5	3	4.5	1.5	3	4.8	1.6	3	4.8	1.6	3	4.9	1.6	-	0.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing property and office management services to the department, as well as modernising its ICT infrastructure. Thus the bulk of the department's budget over the medium term is allocated to the *Corporate Services*, *Office Accommodation* and the *Foreign Fixed Assets Management* subprogrammes for spending on compensation of employees, travel and subsistence, operating payments, leases, computer services, and capital expenditure. The allocations to the *Office Accommodation* subprogramme over the medium term provide for the locally based property portfolio, which consists of the head office building, VIP and protocol services lounges in three international airports, two diplomatic guesthouses as well as accommodation for the United Nations (UN) agencies in South Africa, the Pan African Parliament and the secretariat for NEPAD.

Expenditure over the seven-year period increases largely due to the challenge of managing a geographically decentralised department that incurs expenditure in multiple currencies. This is particularly the case for spending on remuneration and incentive packages for personnel deployed in foreign missions, official and residential accommodation, and goods and services. This is the reason for the significant increase in spending in the *Foreign Fixed Assets Management* subprogramme between 2010/11 and 2013/14, as the department acquired property for the mission in Geneva, Switzerland in 2011/12, built chanceries and official residences in Tokyo and Washington in 2012/13, and provided for increases in lease payments and municipal rates paid for state owned properties and embassies in foreign missions. Other related expenditure increases are in terms of legal and contract management fees for the public private partnership contracts.

Expenditure on compensation of employees is projected to increase from R329.7 million in 2013/14 to R369.4 million in 2016/17 to provide for an increase in the number of personnel, from 989 in 2013/14 to 1 074 in 2016/17. This increase in personnel is to fill the 85 posts that were vacant at the end of November 2013 due to natural attrition. In addition, spending on consultants is expected to increase over this period, mainly to

allow the department to conduct a feasibility study for the ICT infrastructure project and develop a fully integrated financial system.

## **Programme 2: International Relations**

### **Objectives**

- Strengthen political, economic and social relations through bilateral agreements with targeted countries to advance South Africa's national priorities by promoting South African national and international relations policies, strategies and programmes on an ongoing basis.

### **Subprogrammes**

- *Africa* embraces relevant national priorities by strengthening bilateral cooperation with individual countries in Africa, particularly through focusing on increasing exports of South African goods and services, foreign direct investment with technology transfers into value added industries and mineral beneficiation, and inbound tourism and skills enhancement. In 2013/14, foreign representation continued through 47 diplomatic missions in Africa, which facilitated 8 structured bilateral mechanisms and 37 level engagements during state visits to promote national priorities. By the end of September 2013, 3 structured bilateral mechanisms and 4 trade and investment seminars had been held to promote South Africa's national priorities, investment and tourism. This subprogramme had a staff complement of 330 in 2013/14.
- *Asia and Middle East* embraces relevant national priorities by strengthening bilateral cooperation with individual countries in Asia and the Middle East, particularly through focusing on increasing exports of South African goods and services, foreign direct investment with technology transfers into value added industries and mineral beneficiation, and inbound tourism and skills enhancement. In 2013/14, foreign representation continued through 32 diplomatic missions, which facilitated 7 structured bilateral mechanisms and 15 high level engagements during state visits to promote national priorities. By the end of September 2013, 7 structured bilateral mechanisms and 27 trade and investment seminars had been held to promote South Africa's national priorities, investment and tourism. This subprogramme had a staff complement of 236 in 2013/14.
- *Americas and Caribbean* embraces relevant national priorities by strengthening bilateral cooperation with individual countries in the Americas and the Caribbean, particularly through focusing on increasing exports of South African goods and services, foreign direct investment with technology transfers into value added industries and mineral beneficiation, and inbound tourism and skills enhancement. In 2012/13, foreign representation continued through 18 diplomatic missions, which facilitated 5 structured bilateral mechanisms and 7 high level engagements during state visits to promote national priorities. By the end of September 2013, 2 structured bilateral mechanisms and 19 trade and investment seminars had been held to promote South Africa's national priorities, investment and tourism. This subprogramme had a staff complement of 143 in 2013/14.
- *Europe* embraces relevant national priorities by strengthening bilateral cooperation with individual countries in Europe, particularly through focusing on increasing exports of South African goods and services, foreign direct investment with technology transfers into value added industries and mineral beneficiation, and inbound tourism and skills enhancement. In 2013/14, foreign representation continued through 28 diplomatic missions, which facilitated 6 structured bilateral mechanisms and 18 high level engagements during state visits to promote national priorities. By the end of September 2013, 6 structured bilateral mechanisms and 38 trade and investment seminars had been held to promote South Africa's national priorities, investment and tourism. This subprogramme had a staff complement of 223 in 2013/14.

## Expenditure estimates

Table 5.7 International Relations

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Africa	563.6	689.0	736.5	806.7	12.7%	29.5%	861.9	926.2	998.1	7.4%	30.4%
Asia and Middle East	609.7	577.4	643.2	734.9	6.4%	27.0%	686.0	710.5	754.2	0.9%	24.4%
Americas and Caribbean	322.1	346.9	404.5	493.8	15.3%	16.5%	493.5	558.2	582.2	5.6%	18.0%
Europe	557.9	600.0	667.4	732.8	9.5%	27.0%	768.8	807.4	891.0	6.7%	27.1%
<b>Total</b>	<b>2 053.3</b>	<b>2 213.2</b>	<b>2 451.7</b>	<b>2 768.1</b>	<b>10.5%</b>	<b>100.0%</b>	<b>2 810.2</b>	<b>3 002.3</b>	<b>3 225.4</b>	<b>5.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				114.8			(30.4)	(15.5)	3.2		
<b>Economic Classification</b>											
<b>Current payments</b>	<b>1 996.5</b>	<b>2 144.9</b>	<b>2 432.2</b>	<b>2 722.9</b>	<b>10.9%</b>	<b>98.0%</b>	<b>2 785.4</b>	<b>2 966.1</b>	<b>3 190.6</b>	<b>5.4%</b>	<b>98.8%</b>
Compensation of employees	1 222.4	1 318.0	1 480.0	1 629.5	10.1%	59.6%	1 690.6	1 692.2	1 863.5	4.6%	58.2%
Goods and services	774.1	826.9	952.2	1 093.4	12.2%	38.4%	1 094.8	1 273.9	1 327.0	6.7%	40.6%
of which:											
Operating leases	395.2	435.2	498.3	553.7	11.9%	19.8%	586.4	718.1	726.8	9.5%	21.9%
Property payments	104.0	137.1	158.9	171.2	18.1%	6.0%	161.8	184.2	206.5	6.4%	6.1%
Travel and subsistence	67.1	85.2	100.7	128.5	24.2%	4.0%	105.2	127.4	150.5	5.4%	4.3%
Operating payments	24.9	59.6	70.7	94.2	55.8%	2.6%	101.2	105.7	105.3	3.8%	3.4%
<b>Transfers and subsidies</b>	<b>17.8</b>	<b>7.0</b>	<b>4.0</b>	<b>4.7</b>	<b>-35.9%</b>	<b>0.4%</b>	<b>1.4</b>	<b>1.1</b>	<b>1.1</b>	<b>-37.6%</b>	<b>0.1%</b>
Foreign governments and international organisations	3.1	0.1	-	-	-100.0%	-	1.4	1.1	1.1	-	-
Households	14.7	6.9	4.0	4.7	-31.6%	0.3%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>18.8</b>	<b>14.4</b>	<b>15.4</b>	<b>40.5</b>	<b>29.2%</b>	<b>0.9%</b>	<b>23.4</b>	<b>35.0</b>	<b>33.7</b>	<b>-5.9%</b>	<b>1.1%</b>
Buildings and other fixed structures	-	0.1	0.6	0.0	-	-	0.0	0.0	16.7	937.2%	0.1%
Machinery and equipment	18.8	14.3	14.3	40.5	29.2%	0.9%	23.4	35.0	17.0	-25.1%	1.0%
Software and other intangible assets	-	-	0.6	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>20.2</b>	<b>46.9</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2 053.3</b>	<b>2 213.2</b>	<b>2 451.7</b>	<b>2 768.1</b>	<b>10.5%</b>	<b>100.0%</b>	<b>2 810.2</b>	<b>3 002.3</b>	<b>3 225.4</b>	<b>5.2%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	46.5%	44.1%	47.3%	48.1%			48.8%	49.8%	50.3%		

### Details of selected transfers and subsidies

Foreign governments and international organisations											
Current											
Embassy of Palestine in Pretoria	3.1	0.1	-	-	-100.0%	-	1.4	1.1	1.1	-	-

## Personnel information

Table 5.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

International Relations	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Salary level	3 117	2 094	3 012	1 480.0	0.5	2 949	1 629.5	0.6	3 117	1 690.6	0.5	3 117	1 692.2	0.5	3 117	1 863.5	0.6	1.9%	100.0%
1-6	29	-	22	3.4	0.2	27	4.9	0.2	29	5.3	0.2	29	5.5	0.2	29	5.7	0.2	2.4%	0.9%
7-10	640	-	561	162.8	0.3	500	150.3	0.3	640	194.7	0.3	640	219.9	0.3	640	228.7	0.4	8.6%	19.7%
11-12	189	-	178	84.6	0.5	178	89.8	0.5	189	94.2	0.5	189	96.7	0.5	189	100.5	0.5	2.0%	6.1%
13-16	165	-	157	122.7	0.8	150	121.6	0.8	165	147.5	0.9	165	152.1	0.9	165	158.2	1.0	3.2%	5.2%
Other <sup>3</sup>	2 094	2 094	2 094	1 106.5	0.5	2 094	1 262.9	0.6	2 094	1 248.9	0.6	2 094	1 218.1	0.6	2 094	1 370.5	0.7	-	68.1%

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

2. Rand million.

3. This number refers to locally recruited personnel, that is personnel who are recruited in the country in which the mission is located and whose salaries are paid in the local currency.

## Expenditure trends

The spending focus over the medium term will continue to be on facilitating socioeconomic development by strengthening bilateral cooperation with individual countries, particularly throughout the rest of Africa, Europe, Asia and the Middle East. These bilateral agreements aim to increase exports of South African goods and

services, foreign direct investment in technology transfers to value added industries and mineral beneficiation, and inbound tourism and skills enhancement.

The increase in expenditure in all the subprogrammes between 2012/13 and 2013/14 relate to improvements in conditions of service, the continued provision of support to the 124 diplomatic missions, the hosting of trade and investment seminars, and engagements with chambers of commerce to promote South Africa as an investment destination. The deterioration of the Rand against most major currencies also contributed to the increase in expenditure over this period, as a significant proportion of the programme's expenditure is denominated in foreign currencies. As the Rand has continued to deteriorate, expenditure on compensation of employees, property payments and operating payments, venues and facilities is set to continue rising over the medium term. This will allow the department to undertake over 819 economic diplomacy activities to attract investment and tourism, as well as 34 structured bilateral and 65 high level engagements to strengthen political relations.

This programme is supported by a funded establishment of 3 117 posts, of which 168 were vacant at the end of November 2013. The vacancies were due to natural attrition and the length of time it takes to finalise the recruitment processes. The department plans to fill these positions over the medium term, including the 38 posts additional to the establishment. This is expected to increase spending on compensation from R1.6 billion in 2013/14 to R1.9 billion in 2016/17.

## **Programme 3: International Cooperation**

### **Objectives**

- Contribute towards a reformed, strengthened and equal rules based multilateral system that will be responsive to the needs of developing countries and Africa, in particular, by participating in the global system of governance on an ongoing basis.
- Strengthen the AU and its structures by:
  - providing ongoing financial support for the operations of the Pan African Parliament in terms of the country host agreement
  - providing financial support to the AU Commission chairperson until 2015.
- Improve governance and capacity in the SADC secretariat on an ongoing basis by implementing the secretariat's job evaluation plan and assisting with the recruitment process on an ongoing basis.
- Contribute towards the NEPAD process for socioeconomic development in Africa by participating in the African Peer Review Mechanism and submitting the African Peer Review Mechanism country report when required.
- Strengthen bilateral, trilateral and multilateral interest and relations within the BRICS group of countries dialogue forum through continuous active participation in forum structures.
- Strengthen political solidarity, economic cooperation and sociocultural relations with Asian countries by participating in the New Asian-African Strategic Partnership structures over the medium term.
- Strengthen North-South economic and political relations and cooperation to advance the African Agenda through the ongoing financing of developmental initiatives and support to institutional and governance reforms.

### **Subprogrammes**

- *Global System of Governance* provides for multilateralism and a rules based international order. This entails participating and playing an active role in all forums of the UN system and its specialised agencies, and funding programmes that promote the principles of multilateral activity. In 2013/14, South Africa participated in the 67<sup>th</sup> UN General Assembly and contributions were made to agenda items dealing with the peaceful resolution of conflict in Africa and Syria. During the 23<sup>rd</sup> session of the UN Human Rights Council, South Africa's position in the negotiation of resolutions in the area of political and socioeconomic reforms was advanced. This subprogramme had a staff complement of 161 in 2013/14.
- *Continental Cooperation* provides for the enhancement of the African Agenda and sustainable development. In 2013/14, South Africa participated in the election observer missions to Zimbabwe, Swaziland, Mali and Guinea; and served on the NEPAD steering committee, where the country's position on domestic resource

mobilisation was presented. This subprogramme had a staff complement of 69 in 2013/14.

- *South-South Cooperation* provides for partnerships with countries of the South in advancing South Africa's own development needs and the needs of the African Agenda; and creates political, economic and social convergence for the fight against poverty, underdevelopment and the marginalisation of the South. In 2013/14, South Africa participated in various meetings, including the 12<sup>th</sup> meeting of Commonwealth foreign affairs ministers held in New York in September 2013, the 13<sup>th</sup> ministerial meeting of the Group of 77 (G77) and China, and the BRICS meeting to monitor and assess the level of implementation of resolutions from the fifth BRICS summit and prepare for the next summit. The fourth Forum on China-Africa Cooperation served to achieve political consensus on the implementation modalities for the forum's development cooperation under the Beijing Declaration and Platform for Action. This subprogramme had a staff complement of 8 in 2013/14.
- *South-North Dialogue* provides for South Africa's bilateral and multilateral engagements to consolidate and strengthen relations with organisations of the North to advance and support national priorities, the African Agenda and the developmental agenda of the South. In 2013/14, the department hosted the sixth South Africa-European Union (EU) summit. Key outcomes of the summit included: the establishment of the Structured Dialogue Forum on Human Rights, the creation of a maritime security cooperation subcommittee, the creation of an infrastructure fund of R1.4 billion (€100 million), a partnership in rural electrification, and an agreement to establish a South African-EU business council. This subprogramme had a staff complement of 28 in 2013/14.

## Expenditure estimates

**Table 5.9 International Cooperation**

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
R million											
Global System of Governance	198.2	196.0	221.8	263.2	9.9%	58.7%	267.7	312.4	303.1	4.8%	56.0%
Continental Cooperation	82.7	77.4	82.0	127.0	15.3%	24.7%	142.1	145.8	172.3	10.7%	28.7%
South-South Cooperation	4.0	4.3	6.1	6.4	16.7%	1.4%	7.4	5.9	5.9	-2.7%	1.3%
South-North Dialogue	49.5	55.3	60.5	62.4	8.1%	15.2%	69.2	77.2	78.9	8.1%	14.1%
<b>Total</b>	<b>334.4</b>	<b>333.0</b>	<b>370.4</b>	<b>459.0</b>	<b>11.1%</b>	<b>100.0%</b>	<b>486.4</b>	<b>541.3</b>	<b>560.2</b>	<b>6.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				11.1			33.7	76.7	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>327.8</b>	<b>334.1</b>	<b>367.7</b>	<b>456.1</b>	<b>11.6%</b>	<b>99.3%</b>	<b>485.5</b>	<b>538.9</b>	<b>557.7</b>	<b>6.9%</b>	<b>99.6%</b>
Compensation of employees	213.1	210.5	238.8	271.6	8.4%	62.4%	288.9	302.9	307.6	4.2%	57.2%
Goods and services	114.7	123.6	128.9	184.4	17.2%	36.9%	196.6	236.0	250.1	10.7%	42.4%
of which:											
Operating leases	46.9	52.9	50.2	62.7	10.2%	14.2%	67.6	67.4	68.2	2.8%	13.0%
Property payments	18.7	8.2	7.6	6.7	-28.8%	2.8%	7.0	7.5	7.9	5.3%	1.4%
Travel and subsistence	29.8	32.3	39.2	43.0	13.0%	9.6%	50.6	61.6	73.1	19.4%	11.2%
Operating payments	2.2	11.3	14.6	42.7	170.0%	4.7%	39.7	65.6	66.2	15.7%	10.5%
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>1.5</b>	<b>210.5%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>
Households	0.0	0.2	0.1	1.5	210.5%	0.1%	-	-	-	-100.0%	0.1%
<b>Payments for capital assets</b>	<b>2.9</b>	<b>2.8</b>	<b>2.6</b>	<b>1.5</b>	<b>-20.1%</b>	<b>0.7%</b>	<b>0.9</b>	<b>2.4</b>	<b>2.5</b>	<b>19.1%</b>	<b>0.4%</b>
Machinery and equipment	2.9	2.8	2.6	1.5	-20.1%	0.7%	0.9	2.4	2.5	19.1%	0.4%
Payments for financial assets	3.6	(4.1)	-	-	-100.0%	-	-	-	-	-	-
<b>Total</b>	<b>334.4</b>	<b>333.0</b>	<b>370.4</b>	<b>459.0</b>	<b>11.1%</b>	<b>100.0%</b>	<b>486.4</b>	<b>541.3</b>	<b>560.2</b>	<b>6.9%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	7.6%	6.6%	7.1%	8.0%			8.5%	9.0%	8.7%		

## Personnel information

Table 5.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
International Cooperation																			
Salary level	480	176	442	238.8	0.5	434	271.6	0.6	480	288.9	0.6	480	302.9	0.6	480	307.6	0.6	3.4%	100.0%
1 – 6	21	–	18	3.1	0.2	16	3.0	0.2	21	4.7	0.2	21	4.9	0.2	21	5.1	0.2	9.5%	4.2%
7 – 10	163	–	130	15.6	0.1	124	44.6	0.4	163	55.7	0.3	163	57.9	0.4	163	57.9	0.4	9.5%	32.7%
11 – 12	81	–	75	44.8	0.6	79	47.7	0.6	81	48.2	0.6	81	50.1	0.6	81	51.9	0.6	0.8%	17.2%
13 – 16	39	–	43	36.9	0.9	39	33.6	0.9	39	36.1	0.9	39	37.6	1.0	39	38.1	1.0	–	8.3%
Other <sup>3</sup>	176	176	176	138.4	0.8	176	142.8	0.8	176	144.1	0.8	176	152.3	0.9	176	154.6	0.9	–	37.6%

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

2. Rand million.

3. This number refers to locally recruited personnel, that is personnel who are recruited in the country in which the mission is located and whose salaries are paid in the local currency.

## Expenditure trends

The spending focus over the medium term will be on: participating in the UN system of governance through South Africa's elective membership of the UN Economic and Social Council (UNESCO); and contributing to the integration of the SADC through supporting regional infrastructure programmes. The bulk of the spending over the medium term towards achieving these objectives occurs in the *Global System of Governance* and *Continental Cooperation* subprogrammes, mainly on compensation of employees, operating leases payments, and travel and subsistence.

The department expects to continue playing a supportive role over the MTEF period to the AU and its structures through the hosting and funding arrangement for the Pan African Parliament, and providing capacity and technical assistance to the president in his role as the chair of various infrastructure initiatives. The latter include projects such as the AU-NEPAD presidential infrastructure championing initiative, and the North-South road and rail corridor project for the effective implementation of the Africa action plan 2010-2015. This ongoing role is set to further increase spending in the *Continental Cooperation* and *South-South Cooperation* subprogrammes over the medium term.

This programme is supported by 480 funded posts, of which 46 were vacant as at 30 November 2013. The vacancies were due to the termination of employment and expiry of working contracts. The department will prioritise the filling of posts related to economic development and diplomacy, as they are core to the functioning of the programme.

## Programme 4: Public Diplomacy and Protocol Services

### Objective

- Ensure a better understanding of South Africa's foreign policy by providing ongoing strategic public diplomacy direction and state protocol services nationally and internationally.

### Subprogrammes

- *Public Diplomacy* promotes a positive projection of South Africa's image; communicates foreign policy positions to both domestic and foreign audiences; and markets and brands South Africa by using public diplomacy platforms, strategies, products and services. In 2013/14, the department provided coverage on ministerial and deputy ministerial activities by holding 24 media briefings and issuing 373 press releases, including facilitating 8 public participation programmes and awareness campaigns. This subprogramme had a staff complement of 81 in 2013/14.
- *Protocol Services* facilitates incoming and outgoing high level visits and ceremonial events, coordinates and regulates engagement with the local diplomatic community, provides protocol advice and support to the various spheres of government, facilitates the hosting of international conferences in South Africa, and

manages state protocol lounges and guesthouses. In 2013/14, the department provided protocol services for 66 incoming and 61 outgoing state and official visits, including the South Africa-EU and SADC organ troika summits and the congress of the Pan African Women's Organisation. This subprogramme had a staff complement of 221 in 2013/14.

## Expenditure estimates

Table 5.11 Public Diplomacy and Protocol Services

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Public Diplomacy	39.9	49.0	68.2	68.6	19.8%	18.3%	61.5	62.3	65.1	-1.7%	23.7%
Protocol Services	161.6	436.4	223.9	185.8	4.8%	81.7%	255.8	187.9	200.8	2.6%	76.3%
<b>Total</b>	<b>201.5</b>	<b>485.4</b>	<b>292.1</b>	<b>254.5</b>	<b>8.1%</b>	<b>100.0%</b>	<b>317.2</b>	<b>250.3</b>	<b>265.9</b>	<b>1.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				10.5			73.3	0.8	(3.2)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>176.7</b>	<b>478.8</b>	<b>290.4</b>	<b>246.7</b>	<b>11.8%</b>	<b>96.7%</b>	<b>315.6</b>	<b>249.8</b>	<b>265.3</b>	<b>2.5%</b>	<b>99.0%</b>
Compensation of employees	85.2	95.6	106.1	123.4	13.1%	33.3%	125.0	126.6	130.4	1.8%	46.5%
Goods and services	91.5	383.2	184.3	123.3	10.5%	63.4%	190.6	123.2	135.0	3.1%	52.6%
of which:											
Operating leases	1.9	1.1	-	-	-100.0%	0.2%	-	2.2	2.3	-	0.4%
Property payments	0.0	28.9	29.6	26.0	1232.6%	6.8%	30.6	34.4	39.3	14.7%	12.0%
Travel and subsistence	59.8	159.2	91.2	62.1	1.3%	30.2%	94.2	53.5	55.3	-3.8%	24.4%
Operating payments	1.6	2.6	1.9	2.4	15.3%	0.7%	2.5	2.2	2.3	-1.3%	0.9%
<b>Transfers and subsidies</b>	<b>24.2</b>	<b>0.1</b>	<b>0.7</b>	<b>7.3</b>	<b>-33.0%</b>	<b>2.6%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-82.2%</b>	<b>0.7%</b>
Provinces and municipalities	24.2	-	-	-	-100.0%	2.0%	-	-	-	-	-
Public corporations and private enterprises	-	-	0.6	6.8	-	0.6%	-	-	-	-100.0%	0.6%
Households	0.1	0.1	0.1	0.5	106.8%	0.1%	0.0	0.0	0.0	-57.9%	0.1%
<b>Payments for capital assets</b>	<b>0.6</b>	<b>6.5</b>	<b>1.0</b>	<b>0.4</b>	<b>-8.5%</b>	<b>0.7%</b>	<b>1.6</b>	<b>0.5</b>	<b>0.5</b>	<b>5.3%</b>	<b>0.3%</b>
Machinery and equipment	0.6	6.5	1.0	0.4	-8.5%	0.7%	1.6	0.5	0.5	5.3%	0.3%
<b>Total</b>	<b>201.5</b>	<b>485.4</b>	<b>292.1</b>	<b>254.5</b>	<b>8.1%</b>	<b>100.0%</b>	<b>317.2</b>	<b>250.3</b>	<b>265.9</b>	<b>1.5%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	4.6%	9.7%	5.6%	4.4%			5.5%	4.1%	4.1%		

### Details of selected transfers and subsidies

Provinces and municipalities										
Provinces										
Provincial agencies and funds										
Current	24.2	-	-	-	-100.0%	2.0%	-	-	-	-
Regional Services Council levies	24.2	-	-	-	-100.0%	2.0%	-	-	-	-

## Personnel information

Table 5.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Public Diplomacy and Protocol Services	Number of posts estimated for 31 March 2014	Number of posts funded	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2012/13		Unit Cost	2013/14		Unit Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17		
				Number	Cost		Number	Cost		Number	Cost	Number	Cost	Number	Cost	Number	Cost			
Salary level	369	-		299	106.1	0.4	349	123.4	0.4	349	125.0	0.4	349	126.6	0.4	354	130.4	0.4	0.5%	100.0%
1 - 6	74	-		56	10.1	0.2	72	13.0	0.2	72	13.0	0.2	72	13.1	0.2	73	13.5	0.2	0.5%	20.6%
7 - 10	230	-		194	65.3	0.3	224	76.0	0.3	224	77.6	0.3	224	78.4	0.3	224	79.1	0.4	-	64.0%
11 - 12	46	-		36	20.2	0.6	35	19.9	0.6	35	19.9	0.6	35	20.1	0.6	38	21.7	0.6	2.8%	10.2%
13 - 16	19	-		13	10.4	0.8	18	14.6	0.8	18	14.6	0.8	18	15.0	0.8	19	16.1	0.8	1.8%	5.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on: enhancing programmes that create public awareness of South African international policy and disseminate national priorities, policies and programmes locally and

abroad; and facilitating incoming and outgoing diplomatic visits to South Africa. Pursuing this objective requires significant spending on compensation of employees, property payments for diplomatic guesthouses, venues and facilities, and advertising. The projected increase in spending on goods and services and compensation of employees over the medium term is due to a once-off allocation of R80 million in 2014/15 for the 2014 presidential inauguration, and to bring the Sefako Mapogo Makgatho presidential guesthouse and the South African Council on International Relations into operation. The additional spending on compensation of employees will allow the department to increase the number of personnel in the programme from 349 in 2013/14 to 354 in 2016/17.

Expenditure increased between 2010/11 and 2013/14 due to the operationalisation of the Soutpansberg diplomatic guesthouse in Pretoria and renovations to other diplomatic guesthouses and protocol lounges. In addition, expenditure relating to the marketing and protocol support services for the hosting of the 17<sup>th</sup> conference of the parties to the UN Framework Convention on Climate Change and the BRICS summit increased spending on travel and subsistence, venues and facilities, and communication services over this period.

## Programme 5: International Transfers

### Objectives

- Promote multilateralism activities, enhancing South Africa's economic and diplomatic relations within the continent and with the world by:
  - providing for South Africa's annual contribution to membership fees of international organisations such as the UN, AU and SADC
  - providing yearly for transfers to recapitalise the African Renaissance and International Cooperation Fund as a contribution to its operations.

### Subprogrammes

- *Departmental Agencies* facilitates the transfer to the African Renaissance and International Cooperation Fund, a public entity of the department. In 2013/14, this subprogramme's total budget was transferred in full to the entity.
- *Membership Contribution* facilitates transfers to international organisations. In 2013/14, this subprogramme's total budget was transferred accordingly for payments of all membership fees to international organisations.

### Expenditure estimates

Table 5.13 International Transfers

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14					2013/14 - 2016/17	
Departmental Agencies	401.1	450.4	518.0	491.9	7.0%	53.7%	285.6	366.8	412.5	-5.7%	45.0%
Membership Contribution	353.9	369.2	419.8	460.4	9.2%	46.3%	458.7	480.1	505.6	3.2%	55.0%
<b>Total</b>	<b>754.9</b>	<b>819.6</b>	<b>937.8</b>	<b>952.4</b>	<b>8.1%</b>	<b>100.0%</b>	<b>744.3</b>	<b>846.8</b>	<b>918.0</b>	<b>-1.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				77.0			(180.0)	(120.0)	-		
<b>Economic classification</b>											
<b>Transfers and subsidies</b>	<b>754.9</b>	<b>819.6</b>	<b>937.8</b>	<b>952.4</b>	<b>8.1%</b>	<b>100.0%</b>	<b>744.3</b>	<b>846.8</b>	<b>918.0</b>	<b>-1.2%</b>	<b>100.0%</b>
Departmental agencies and accounts	401.1	450.4	518.0	491.9	7.0%	53.7%	285.6	366.8	412.5	-5.7%	45.0%
Foreign governments and international organisations	353.9	369.2	419.8	460.4	9.2%	46.3%	458.7	480.1	505.6	3.2%	55.0%
<b>Total</b>	<b>754.9</b>	<b>819.6</b>	<b>937.8</b>	<b>952.4</b>	<b>8.1%</b>	<b>100.0%</b>	<b>744.3</b>	<b>846.8</b>	<b>918.0</b>	<b>-1.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>17.1%</b>	<b>16.3%</b>	<b>18.1%</b>	<b>16.5%</b>			<b>12.9%</b>	<b>14.0%</b>	<b>14.3%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>353.9</b>	<b>369.2</b>	<b>419.8</b>	<b>460.4</b>	<b>9.2%</b>	<b>46.3%</b>	<b>458.7</b>	<b>480.1</b>	<b>505.6</b>	<b>3.2%</b>	<b>55.0%</b>
African Union	116.7	125.0	167.0	162.0	11.6%	16.5%	153.2	160.2	168.7	1.4%	18.6%
Group of 77 countries	0.1	0.1	0.1	0.1	-4.5%	-	0.1	0.1	0.1	5.5%	-
New Partnership for Africa's Development	17.5	21.2	7.5	7.5	-24.6%	1.5%	8.0	8.3	8.8	5.3%	0.9%

Table 5.13 International Transfers

Details of selected transfers and subsidies	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
African Peer Review Mechanism	2.5	10.0	2.5	2.5	–	0.5%	2.7	2.8	2.9	5.3%	0.3%	
Other international organisations	0.7	0.2	2.0	2.8	56.0%	0.2%	3.0	3.1	3.3	5.3%	0.4%	
United Nations Development Programme	4.7	4.9	7.6	5.6	5.9%	0.7%	5.9	6.2	6.5	5.3%	0.7%	
African, Caribbean and Pacific Group of States	7.3	4.6	5.7	3.9	-18.3%	0.6%	4.2	4.4	4.6	5.3%	0.5%	
Southern African Development Community	38.3	42.6	52.4	66.9	20.4%	5.8%	48.2	50.4	53.0	-7.5%	6.3%	
United Nations	118.4	114.1	129.5	132.0	3.7%	14.3%	139.9	146.3	154.1	5.3%	16.5%	
United Nations Human Rights Council	0.2	0.4	1.1	0.3	26.5%	0.1%	0.4	0.4	0.4	5.3%	–	
Comprehensive Nuclear Test Ban Treaty	2.4	6.0	1.3	6.0	35.5%	0.5%	6.4	6.7	7.0	5.3%	0.8%	
Humanitarian aid	28.7	24.0	24.7	26.5	-2.6%	3.0%	27.0	28.2	29.7	3.9%	3.2%	
Indian Ocean Rim Research Centre	–	–	–	0.1	–	–	0.2	0.2	0.2	5.4%	–	
Perez-Guerrero Trust Fund	0.1	0.1	0.1	0.1	-2.1%	–	0.1	0.1	0.1	5.7%	–	
South Centre Capital Fund	1.2	1.2	1.2	1.2	-0.4%	0.1%	1.3	1.3	1.4	5.3%	0.2%	
United Nations Development Programme in Southern Africa	1.2	1.2	1.2	1.2	–	0.1%	1.2	1.3	1.3	5.3%	0.1%	
United Nations technical cooperation	0.3	0.3	–	0.1	-27.5%	–	0.1	0.1	0.1	5.5%	–	
United Nations Voluntary Fund for Disability	–	0.1	0.1	0.1	–	–	0.1	0.1	0.1	5.8%	–	
United Nations Children's Fund	–	0.2	0.2	0.2	–	–	0.2	0.3	0.3	5.4%	–	
African Union Commission	–	–	–	22.0	–	0.6%	36.4	38.3	40.4	22.5%	4.0%	
India-Brazil-South Africa Trust Fund	8.3	7.7	9.1	8.5	0.9%	1.0%	9.0	9.4	9.9	5.3%	1.1%	
Organisation for Economic Cooperation and Development	–	0.4	0.3	0.2	–	–	0.3	0.3	0.3	5.1%	–	
Commonwealth of Nations	5.4	5.0	5.6	9.4	20.5%	0.7%	10.0	10.4	11.0	5.3%	1.2%	
Biological and Toxin Weapons Convention	0.0	0.2	0.3	0.5	187.9%	–	0.5	0.6	0.6	5.2%	0.1%	
United Nations Convention on the Law of the Sea	–	–	0.3	0.6	–	–	0.6	0.6	0.7	5.3%	0.1%	
<b>Departmental agencies and accounts</b>												
<b>Departmental agencies (non-business entities)</b>												
<b>Current</b>	<b>401.1</b>	<b>450.4</b>	<b>518.0</b>	<b>491.9</b>	<b>7.0%</b>	<b>53.7%</b>	<b>285.6</b>	<b>366.8</b>	<b>412.5</b>	<b>-5.7%</b>	<b>45.0%</b>	
African Renaissance and International Cooperation Fund	401.1	450.4	518.0	485.4	6.6%	53.5%	277.6	358.4	403.7	-6.0%	44.1%	
South African Development Partnership Agency	–	–	–	6.5	–	0.2%	8.0	8.4	8.8	10.6%	0.9%	

## Expenditure trends

The spending focus over the medium term will be on making transfers to the public entity and timeous payment of South Africa's membership fees to international organisations. To give effect to a Cabinet approved reduction of R540.3 million over the medium term, the department cut the transfer to the African Renaissance and International Cooperation Fund. R220.3 million of this was reprioritised to bring the South African Development Partnership Agency into operation, provide for the 2014 presidential inauguration and increase voluntary contributions to the AU Commission.

## Public entities and other agencies

### African Renaissance and International Cooperation Fund

#### Mandate and strategic goals

The **African Renaissance and International Cooperation Fund** was established under the African Renaissance and International Cooperation Fund Act (2000).

The fund's mandate is to:

- enhance co-operation between South Africa and other countries, in particular African countries
- promote democracy and good governance
- work for the prevention and resolution of conflicts
- promote socioeconomic development and integration
- provide humanitarian assistance and human resource development.

The fund's strategic goals over the medium term are to:

- continue to develop operational policy and guidelines
- continue to build capacity to deal with urgent cases requiring humanitarian/emergency assistance
- address concerns relating to the question of supply chain management and procurement, including finalising a database of approved service providers
- address concerns relating to the monitoring and review of the implementation of projects, including increasing visits to projects in the countries concerned, and making greater use of the department's bilateral desks for implementing projects and the missions in the monitoring and follow-up process
- support projects that contribute to South Africa's foreign policy priorities, particularly in relation to the consolidation of the African Agenda.

## Selected performance indicators

Table 5.14 African Renaissance and International Cooperation Fund<sup>1</sup>

Indicator <sup>1</sup>	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Value of funds approved for socioeconomic development and integration per year	Promote socioeconomic development and integration	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	10 000	60 000	86 000	95 204	55 294	58 758	62 932
Value of funds approved for promoting democracy and good governance per year	Promote democracy and good governance		141 000	110 380	110 149	114 355	50 392	55 010	60 576
Value of funds approved for human resource development per year	Promote human resource development		80 000	54 990	50 000	52 500	50 392	55 009	60 575
Value of funds approved for humanitarian assistance and disaster relief per year	Humanitarian assistance and disaster relief		10 000	15 000	134 738	144 479	46 188	110 815	136 663
Value of funds approved for cooperation between South Africa and other countries per year	Cooperation between South Africa and other countries, particularly African countries		70 000	130 000	49 095	55 404	50 196	52 505	55 288
Value of funds approved for the prevention and resolution of conflict per year	Prevention and resolution of conflicts		90 072	80 000	15 000	15 000	25 098	26 253	27 644

1. A restructuring of the fund is underway and will result in the introduction of new indicators.

## Programmes/activities/objectives

Table 5.15 African Renaissance and International Cooperation Fund

R million	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
Promote socioeconomic development and integration	4.0	70.4	-	85.2	177.2%	35.7%	42.0	42.0	55.6	-13.3%	14.5%	
Promote democracy and good governance	-	25.0	378.3	84.4	-	15.4%	43.4	43.8	53.7	-14.0%	14.6%	
Promote human resource development	-	7.0	15.0	15.0	-	1.7%	16.9	16.0	16.5	3.2%	4.4%	
Humanitarian assistance and disaster relief	-	62.8	577.9	134.7	-	26.0%	122.0	152.0	160.1	5.9%	38.4%	
Cooperation between South Africa and other countries, particularly African countries	-	55.0	49.1	35.4	-	7.9%	28.2	58.5	61.6	20.3%	12.3%	
Prevention and resolution of conflicts	-	60.0	50.0	130.7	-	13.3%	25.1	46.1	56.2	-24.5%	15.7%	
<b>Total expense</b>	<b>4.0</b>	<b>280.2</b>	<b>1 070.3</b>	<b>485.4</b>	<b>395.1%</b>	<b>100.0%</b>	<b>277.6</b>	<b>358.4</b>	<b>403.7</b>	<b>-6.0%</b>	<b>100.0%</b>	

Table 5.15 African Renaissance and International Cooperation Fund

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	60.8	77.2	83.5	72.2	5.9%	13.7%	76.5	80.1	84.3	5.3%	17.6%
Other non-tax revenue	60.8	77.2	83.5	72.2	5.9%	13.7%	76.5	80.1	84.3	5.3%	17.6%
<b>Transfers received</b>	401.1	450.4	518.0	476.9	5.9%	86.3%	277.6	358.4	403.7	-5.4%	82.4%
<b>Total revenue</b>	461.8	527.5	601.4	549.2	5.9%	100.0%	354.1	438.4	488.0	-3.9%	100.0%
<b>Expenses</b>											
<b>Current expenses</b>	-	147.8	1 006.2	349.8	-	54.7%	190.5	241.9	270.0	-8.3%	68.8%
Goods and services	-	147.8	1 006.2	349.8	-	54.7%	190.5	241.9	270.0	-8.3%	68.8%
<b>Transfers and subsidies</b>	4.0	132.4	64.1	135.6	223.6%	45.3%	87.1	116.5	133.7	-0.5%	31.2%
<b>Total expenses</b>	4.0	280.2	1 070.3	485.4	395.1%	100.0%	277.6	358.4	403.7	-6.0%	100.0%
<b>Surplus/(Deficit)</b>	458.0	247.0	(469.0)	64.0	-48.1%		77.0	80.0	84.0	9.5%	
<b>Statement of financial position</b>											
Receivables and prepayments	70.6	66.9	125.4	70.6	-	4.7%	70.6	70.6	70.6	-	2.4%
Cash and cash equivalents	1 430.8	1 727.6	1 515.0	2 654.6	22.9%	95.3%	2 787.4	2 915.6	3 070.1	5.0%	97.6%
<b>Total assets</b>	1 501.4	1 794.5	1 640.5	2 725.3	22.0%	100.0%	2 858.0	2 986.2	3 140.7	4.8%	100.0%
Accumulated surplus/(deficit)	1 056.0	1 384.6	933.0	-	-100.0%	51.1%	-	-	-	-	-
Trade and other payables	445.4	409.9	707.5	740.0	18.4%	48.9%	774.1	809.7	846.9	4.6%	27.1%
<b>Total equity and liabilities</b>	1 501.4	1 794.5	1 640.5	740.0	-21.0%	100.0%	774.1	809.7	846.9	4.6%	27.1%

## Expenditure trends

The spending focus of the African Renaissance and International Cooperation Fund over the medium term is on: providing cooperation funding for initiatives between South Africa and other countries that relate to the promotion of democracy and good governance, the prevention and resolution of conflicts, socioeconomic development and integration, humanitarian assistance and relief, human resource development, and infrastructural development. Cabinet has approved a reduction of R540.3 million over the medium term to the transfer to the African Renaissance and International Cooperation Fund. The Fund will use its accumulated reserves to sustain itself such that there is not an adverse effect on service delivery.

Expenditure on projects declines significantly over the seven-year period due to strategic and operational inefficiencies within the fund. A process of restructuring is currently under way and will result in the establishment of a new agency, the South African Development Partnership Agency, which is meant to improve the coordination of South Africa's diverse development partnerships. The legislative process for establishing the agency is under way, with the Partnership Fund for Development Bill currently before Parliament. Once enacted, the bill will repeal the African Renaissance and International Cooperation Fund Act (2000), resulting in the integration of functions and the transfer of reserves and assets from the fund to the agency.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
				2010/11	2011/12		2012/13	2013/14	2014/15	2015/16
<b>R million</b>										
<b>Departmental infrastructure</b>										
Dar es Salaam: Construction of chancery	Functional and effective office accommodation	Construction	85.5	2.8	0.9	0.4	27.5	39.8	10.3	3.9
Liongwe: Construction of chancery and staff housing	Functional and effective office accommodation and staff housing	Construction	93.5	2.0	0.1	0.1	11.6	47.6	27.0	5.2
Kigali: Construction of chancery and official residence	Functional and effective office accommodation and official residence	Design	67.9	5.5	-	-	-	-	-	10.9
Mbabane: Construction of staff housing	Functional and effective staff housing	Feasibility	105.2	2.2	-	0.7	2.0	3.5	-	33.6
Mbabane: Construction of chancery	Functional and effective office accommodation	Feasibility	47.8	3.5	-	-	-	0.3	-	6.3
Riyadh: Construction of chancery and official residence	Functional and effective office accommodation and official residence	Feasibility	2.7	2.7	-	-	-	-	-	-
Dakar: Construction of chancery	Functional and effective office accommodation	Feasibility	2.2	2.2	-	-	-	-	-	-
Bamako: Construction of chancery, official residence and staff housing	Functional and effective office accommodation, official residence and staff housing	Feasibility	2.2	2.2	-	-	-	-	-	-
Montevideo: Construction of staff housing	Functional and effective staff housing	Feasibility	4.5	-	-	-	-	-	-	4.5
Luanda: Property acquisition	Functional and effective office accommodation	Identification	2.5	2.5	-	-	-	-	-	-
Lagos: Property acquisition	Functional and effective office accommodation	Identification	65.0	-	-	-	-	-	-	-
Beijing: Property acquisition	Functional and effective office accommodation	Identification	125.0	-	-	-	-	-	-	-
London: Highveld refurbishment of official residence	Refurbishment of infrastructure	Tender	47.2	-	46.4	0.8	-	-	-	-
Washington: Refurbishment of chancery	Refurbishment of infrastructure	Construction	220.8	4.1	39.4	89.2	88.1	-	-	-
Juba: Construction of chancery	Refurbishment of infrastructure	Feasibility	63.0	-	-	-	-	-	-	-
Copenhagen: Refurbishment of chancery and official residence	Refurbishment of infrastructure	Feasibility	21.0	-	0.2	-	0.3	3.0	17.5	-
Paris: Refurbishment of chancery and official residence	Refurbishment of infrastructure	Tender	200.4	-	0.2	0.4	1.0	3.9	88.5	53.4
The Hague: Refurbishment of chancery and official residence	Refurbishment of infrastructure	Feasibility	105.1	-	3.6	3.8	15.0	82.7	-	-
Brasilia: Refurbishment of chancery and staff housing	Refurbishment of infrastructure	Feasibility	7.5	-	-	-	-	7.5	-	-
Sao Paulo: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	14.0	-	-	1.4	1.1	-	11.5	-
Gaborone: Procurement of a Chancery building	Functional and effective office accommodation	Identification	77.5	-	-	-	-	-	7.5	-
Rome: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	3.0	-	-	-	-	3.0	-	-
London: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	85.0	-	-	-	-	2.5	-	34.0
Kinshasa: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	14.0	-	-	-	-	4.5	3.0	6.5

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R million										
New York: Refurbishment of official residence	Refurbishment of infrastructure	Feasibility	2.5	-	-	-	-	-	2.5	-
Buenos Aires: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	49.0	-	-	-	-	-	23.5	15.0
Harare: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	49.5	-	-	-	-	0.5	5.0	-
Maputo: Refurbishment of chancery, official residence and staff housing	Refurbishment of infrastructure	Feasibility	40.0	-	-	-	-	3.0	0.5	30.0
Lisbon: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	39.5	-	-	-	-	-	11.0	14.5
Teheran: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	23.7	-	-	-	-	2.7	15.0	2.5
Brasilia: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	0.5	-	-	-	-	-	0.5	-
Vienna: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	49.0	-	-	-	-	2.5	-	9.5
Abuja: Construction of chancery and official residence	Functional and effective office accommodation and official residence	On hold	31.3	19.4	10.8	1.1	-	-	-	-
Pan African Parliament: Office accommodation	Functional and effective office accommodation and Parliament	Feasibility	30.5	30.0	-	-	-	-	0.5	-
Maseru: Office accommodation	Functional and effective office accommodation	Identification	1.5	-	0.4	0.1	1.0	-	-	-
Tokyo: Refurbishment of official residence	Refurbishment of infrastructure	Feasibility	49.7	-	1.2	13.0	35.6	-	-	-
Refurbishment at various missions	Refurbishment of infrastructure	Various	91.6	55.4	1.3	2.2	19.8	7.0	-	6.0
London: Acquisition of Cavendish Close	Functional and effective office accommodation	Identification	5.8	-	5.8	-	-	-	-	-
Geneva: Acquisition of official residence	Functional and effective office accommodation	Various	95.0	-	95.0	-	-	-	-	-
<b>Total</b>			<b>2 021.7</b>	<b>134.5</b>	<b>205.2</b>	<b>113.0</b>	<b>202.9</b>	<b>214.0</b>	<b>223.8</b>	<b>235.7</b>



# Vote 6

## Performance Monitoring and Evaluation

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	63.8	59.2	–	4.6	62.7	66.8
Outcomes Monitoring and Evaluation	78.2	77.7	–	0.6	83.2	88.3
Institutional Performance Monitoring and Evaluation	66.2	65.5	–	0.6	73.8	77.6
<b>Total expenditure estimates</b>	<b>208.2</b>	<b>202.4</b>	<b>–</b>	<b>5.8</b>	<b>219.7</b>	<b>232.7</b>

Executive authority Minister in the Presidency: Performance Monitoring and Evaluation as well as Administration

Accounting officer Director General of Performance Monitoring and Evaluation

Website address [www.thepresidency-dpme.gov.za](http://www.thepresidency-dpme.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Improve government service delivery through performance monitoring and evaluation.*

### Mandate

Established in January 2010, the Department of Performance Monitoring and Evaluation is specifically mandated to:

- facilitate the development plan or delivery agreements for the cross cutting priorities or outcomes of government, and monitor and evaluate the implementation of these delivery agreements
- monitor the performance of individual national and provincial government departments and municipalities, and monitor frontline service delivery
- manage the presidential hotline
- carry out evaluations
- promote good monitoring and evaluation practices in government
- provide support to delivery institutions to address blockages in delivery.

### Strategic goals

The department's work is organised around three core goals: to advance the strategic agenda of government through the development and implementation of the delivery agreements for the outcomes, monitoring and reporting on progress and evaluating impact; to promote monitoring and evaluation practice through a coordinated policy platform, quality capacity building and credible data systems; and to monitor the quality of management practices in departments and the quality of frontline service delivery.

The department's strategic goals over the medium term are to:

- monitor and evaluate the implementation of the delivery agreements and refining them where necessary
- develop and implement performance assessments of individual departments and municipalities
- develop and implement a range of mechanisms for monitoring the quality of frontline service delivery including site visits, citizen based monitoring and managing the presidential hotline
- assist departments to analyse and use data to improve service delivery and to inform policy management decisions.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide strategic management and administrative support to the department.

### Programme 2: Outcomes Monitoring and Evaluation

**Purpose:** Advance the strategic agenda of government by developing and implementing the outcomes approach, monitoring and reporting on its progress, and evaluating its impact.

### Programme 3: Institutional Performance Monitoring and Evaluation

**Purpose:** Promote good monitoring and evaluation practices and processes in government through: management performance assessment and support; frontline service delivery monitoring and support; and monitoring and evaluation capacity development.

## Selected performance indicators

**Table 6.1 Performance Monitoring and Evaluation**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of signed and reviewed delivery agreements per year	Outcomes Monitoring and Evaluation	All outcomes	12	12	12	12	14	14	14
Number of quarterly progress reports on monitoring and evaluation of strategic priorities per year			-1	24	48	48	56	56	56
Number of evaluation reports per year			-1	-1	1	15	13	10	10
Number of operational data forums per year for each of the outcomes to support data driven and evidence based monitoring and reporting			-1	12	12	12	10	10	10
Number of institutional performance assessments carried out and reports issued per year	Administration		3 national departments (pilot)	5 national and 20 provincial departments	43 national and 124 provincial departments	43 national and 124 provincial departments	43 national and 124 provincial departments	43 national and 124 provincial departments	43 national and 124 provincial departments
Number of service delivery monitoring visits conducted at national, provincial and local government level and reports issued per year	Institutional Performance Monitoring and Evaluation	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	-1	60	215	120 new sites monitored	90 new sites monitored and 120 sites revisited	90 new sites monitored and 120 sites revisited	90 new sites monitored and 120 sites revisited

1. Indicators were introduced in phases between 2010/11 and 2011/12 following the establishment of the department from 1 January 2010.

## The national development plan

The work of the Department of Performance Monitoring and Evaluation supports the national development plan's objective of a government that is accountable and transparent. The department's focus is on strengthening accountability and improving coordination, and it works with the National Planning Commission to facilitate and monitor the implementation of the national development plan. The department is responsible for mainstreaming the national development plan into the work of government by drafting the medium term strategic framework to guide government's programme. This is based on the 2009-2014 electoral cycle and will be reviewed annually. The strategic framework includes 14 outcomes, which form the basis of the new performance agreements between the president and individual members of Cabinet.

Over the medium term, the main focus will be on strengthening oversight over the achievements of the outcomes, which will contribute to the realisation of Vision 2030 as outlined in the national development plan. This function is performed in the Outcomes Monitoring and Evaluation programme.

## Expenditure estimates

**Table 6.2 Performance Monitoring and Evaluation**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
Administration	–	33.1	55.7	58.7	58.7	–	29.7%	63.8	62.7	66.8	4.4%	29.5%
Outcomes Monitoring and Evaluation	40.5	31.0	53.4	71.8	71.8	21.0%	39.7%	78.2	83.2	88.3	7.1%	37.7%
Institutional Performance Monitoring and Evaluation	6.8	31.5	51.2	62.3	62.3	109.2%	30.6%	66.2	73.8	77.6	7.6%	32.8%
<b>Total</b>	<b>47.3</b>	<b>95.6</b>	<b>160.2</b>	<b>192.7</b>	<b>192.7</b>	<b>59.7%</b>	<b>100.0%</b>	<b>208.2</b>	<b>219.7</b>	<b>232.7</b>	<b>6.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				–	–			6.2	8.9	9.2		
<b>Economic classification</b>												
<b>Current payments</b>	<b>40.2</b>	<b>89.8</b>	<b>149.9</b>	<b>184.8</b>	<b>184.8</b>	<b>66.2%</b>	<b>93.7%</b>	<b>202.4</b>	<b>217.0</b>	<b>229.4</b>	<b>7.5%</b>	<b>97.7%</b>
Compensation of employees	26.1	54.4	83.0	108.5	108.5	60.8%	54.8%	131.5	142.3	151.7	11.8%	62.6%
Goods and services	14.1	35.3	66.9	76.4	76.4	75.5%	38.9%	70.9	74.7	77.6	0.5%	35.1%
of which:												
Computer services	5.7	11.8	18.2	17.0	17.0	44.2%	10.6%	17.4	17.9	18.4	2.8%	8.3%
Consultants and professional services: Business and advisory services	1.5	2.4	18.6	24.9	24.9	155.1%	9.6%	18.2	20.4	20.4	-6.4%	9.8%
Operating leases	0.3	0.1	0.1	1.3	1.3	70.1%	0.4%	7.1	7.8	8.6	87.4%	2.9%
Travel and subsistence	1.9	5.2	11.0	11.4	11.4	80.9%	5.9%	11.4	12.0	12.7	3.8%	5.6%
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>0.2</b>	<b>–</b>	<b>–</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Households	–	–	0.2	–	–	0.0%	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>7.1</b>	<b>5.8</b>	<b>10.1</b>	<b>7.9</b>	<b>7.9</b>	<b>3.6%</b>	<b>6.2%</b>	<b>5.8</b>	<b>2.7</b>	<b>3.3</b>	<b>-25.2%</b>	<b>2.3%</b>
Machinery and equipment	7.1	4.8	8.2	6.1	6.1	-5.1%	5.3%	4.3	1.9	2.5	-25.8%	1.7%
Software and other intangible assets	–	1.1	1.9	1.8	1.8	1.0%	1.0%	1.6	0.8	0.8	-23.3%	0.6%
<b>Total</b>	<b>47.3</b>	<b>95.6</b>	<b>160.2</b>	<b>192.7</b>	<b>192.7</b>	<b>59.7%</b>	<b>100.0%</b>	<b>208.2</b>	<b>219.7</b>	<b>232.7</b>	<b>6.5%</b>	<b>100.0%</b>

## Personnel information

**Table 6.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Performance Monitoring and Evaluation	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
Salary level	260	17	175	112.2	0.6	278	145.2	0.5	331	175.4	0.5	338	190.8	0.6	338	203.0	0.6	6.7%	100.0%
1 – 6	26	1	19	3.0	0.2	24	3.5	0.1	47	5.5	0.1	47	5.9	0.1	47	6.2	0.1	25.1%	12.8%
7 – 10	95	1	63	26.1	0.4	99	35.0	0.4	112	39.6	0.4	114	43.2	0.4	114	46.2	0.4	4.8%	34.2%
11 – 12	74	1	45	36.0	0.8	70	41.3	0.6	93	55.9	0.6	97	62.0	0.6	97	65.2	0.7	11.5%	27.8%
13 – 16	65	2	42	46.8	1.1	73	65.1	0.9	79	74.4	0.9	80	79.7	1.0	80	85.4	1.1	3.1%	24.3%
Other	–	12	6	0.4	0.1	12	0.2	0.0	–	–	–	–	–	–	–	–	–	-100.0%	0.9%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on drafting and implementing the medium term strategic framework (2014-19); developing, implementing and monitoring delivery agreements; improving the quality and analysis of data related to delivery agreements to allow the department to coordinate and support an integrated government wide performance monitoring and evaluation system; and conducting evaluations in line

with the approved national evaluation plan, institutional performance and frontline service delivery monitoring. To achieve these objectives, the bulk of the department's budget over the medium term is directed towards spending on compensation of employees, computer equipment and consultants. Consultants are typically researchers and industry experts who provide services in different aspects of evaluations.

The department is focusing on realigning its functions to reflect the shift towards an integrated performance monitoring and evaluation approach, which goes beyond the scope of previous monitoring and evaluation systems and support programmes. The integrated approach looks at government performance from a more holistic perspective by aligning the planning and budgeting cycles with performance evaluation. This expands on the functions formerly performed under the *Monitoring and Evaluation Systems Coordination and Support* programme, such as setting monitoring and evaluation standards and developing guidelines and practice notes. The expanded function places additional responsibilities on the department to provide technical guidance on the process of formulating, reviewing and appraising strategic and annual performance plans set by national departments and other spheres of government. This is being undertaken to ensure that departmental programmes of action and sectoral priorities align with broader national priorities. The department has thus amended its budget programme structure to accommodate the new strategic planning and annual performance planning functions, which were previously done in National Treasury. The 2014 Budget allocates R.3.5 million in 2014/15, R6.1 million in 2015/16 and R6.2 million in 2016/17 for this.

In terms of the new function, the department will facilitate strategic and annual performance planning, review the alignment of strategic plans and annual performance plans with the medium term strategic framework for government, support National Treasury in prioritising funding, and facilitate the alignment between quarterly and annual performance reports and outcomes reporting.

Over the medium term, the department will also establish a secretariat for the interdepartmental committee that will look into the revitalisation of distressed mining communities. Due to the expanded functions and the establishment of the secretariat, expenditure over the medium term is expected to increase in compensation of employees, consultants, computer services and travel and subsistence in the *Outcomes Monitoring and Evaluation* programme. Cabinet approved additional allocations of R3 million in 2014/15, R3.2 million in 2015/16 and R3.4 million in 2016/17 provide for this. By the end of November 2013, the department had filled 23 vacant posts and the additional allocations will allow the total number of filled posts to increase to 256 by 2016/17.

Cabinet also approved reductions of R1.1 million over the medium term, which are to be effected through cost curtailing measures such as spending on catering, entertainment, travel and subsistence, and other non-core items in goods and services. These will have no negative impact on service delivery.

## Departmental receipts

Table 6.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
Departmental receipts	-	119	113	64	64	-	100.0%	64	68	72	4.0%	100.0%
Sales of goods and services produced by department	-	16	28	33	33	-	26.0%	37	41	45	10.9%	58.2%
Sales by market establishments	-	7	14	15	15	-	12.2%	17	19	21	11.9%	26.9%
of which:												
Parking fees	-	7	14	15	15	-	12.2%	17	19	21	11.9%	26.9%
Other sales	-	9	14	18	18	-	13.9%	20	22	24	10.1%	31.3%
of which:												
Commission	-	9	14	18	18	-	13.9%	20	22	24	10.1%	31.3%
Transactions in financial assets and liabilities	-	103	85	31	31	-	74.0%	27	27	27	-4.5%	41.8%
Total	-	119	113	64	64	-	100.0%	64	68	72	4.0%	100.0%

## Programme 1: Administration

### Expenditure estimates

Table 6.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Departmental Management	-	6.2	9.0	8.6	-	16.2%	6.7	7.0	7.4	-4.9%	11.8%
Corporate and Financial Services	-	11.9	18.1	24.0	-	36.6%	33.8	34.9	37.4	16.0%	51.6%
Information Technology Support	-	11.7	27.2	24.6	-	43.1%	20.3	17.9	19.0	-8.3%	32.5%
Internal Auditing	-	3.2	1.3	1.5	-	4.1%	3.0	2.9	3.0	26.1%	4.1%
<b>Total</b>	-	<b>33.1</b>	<b>55.7</b>	<b>58.7</b>	-	<b>100.0%</b>	<b>63.8</b>	<b>62.7</b>	<b>66.8</b>	<b>4.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(0.0)			5.7	1.9	2.7		
<b>Economic classification</b>											
<b>Current payments</b>	-	<b>27.6</b>	<b>46.4</b>	<b>52.1</b>	-	<b>85.5%</b>	<b>59.2</b>	<b>61.1</b>	<b>64.6</b>	<b>7.4%</b>	<b>94.1%</b>
Compensation of employees	-	17.0	23.5	29.6	-	47.5%	33.7	35.9	38.1	8.8%	54.5%
Goods and services	-	10.6	22.9	22.5	-	38.0%	25.4	25.2	26.5	5.6%	39.6%
of which:											
Computer services	-	1.9	8.7	6.5	-	11.5%	6.3	6.3	6.3	-1.0%	10.0%
Consultants and professional services:	-	1.4	0.8	0.2	-	1.6%	0.9	0.6	0.6	60.1%	0.9%
Business and advisory services	-	0.1	0.1	1.3	-	1.1%	7.1	7.8	8.6	87.4%	9.8%
Operating leases	-	1.2	2.7	2.0	-	4.0%	1.2	1.2	1.3	-14.8%	2.3%
Travel and subsistence	-	5.5	9.3	6.6	-	14.5%	4.6	1.6	2.2	-30.9%	5.9%
<b>Payments for capital assets</b>	-	<b>5.5</b>	<b>9.3</b>	<b>6.6</b>	-	<b>14.5%</b>	<b>4.6</b>	<b>1.6</b>	<b>2.2</b>	<b>-30.9%</b>	<b>5.9%</b>
Machinery and equipment	-	4.4	8.0	5.8	-	12.3%	3.9	1.5	2.1	-28.9%	5.2%
Software and other intangible assets	-	1.0	1.3	0.8	-	2.1%	0.8	0.1	0.1	-50.0%	0.7%
<b>Total</b>	-	<b>33.1</b>	<b>55.7</b>	<b>58.7</b>	-	<b>100.0%</b>	<b>63.8</b>	<b>62.7</b>	<b>66.8</b>	<b>4.4%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.0%	34.6%	34.8%	30.4%			30.6%	28.5%	28.7%		

### Personnel information

Table 6.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Administration</b>																			
<b>Salary level</b>	77	3	66	23.5	0.4	77	29.6	0.4	92	33.7	0.4	92	35.9	0.4	92	38.1	0.4	6.1%	100.0%
1 - 6	23	1	18	2.8	0.2	21	3.3	0.2	29	4.3	0.1	29	4.6	0.2	29	4.9	0.2	11.4%	30.6%
7 - 10	34	-	29	8.5	0.3	34	11.2	0.3	39	12.3	0.3	39	13.1	0.3	39	14.0	0.4	4.7%	42.8%
11 - 12	11	-	9	4.6	0.5	12	7.2	0.6	14	7.6	0.5	14	8.1	0.6	14	8.6	0.6	5.3%	15.3%
13 - 16	9	-	8	7.5	0.9	8	7.8	1.0	10	9.5	1.0	10	10.1	1.0	10	10.7	1.1	7.7%	10.8%
Other	-	2	2	0.1	0.1	2	0.1	0.0	-	-	-	-	-	-	-	-	-	-100.0%	0.6%

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

2. Rand million.

### Expenditure trends

The spending focus over the medium term will be on strengthening capacity in administrative and corporate support services, and the acquisition of additional office accommodation to house the expanded functions of the department. This will result in an increase in spending on compensation of employees, property leases and payments in the *Corporate and Financial Services* subprogramme. Spending on training and development will also increase, due to the centralisation of bursaries, training and development spending in 2012/13.

Following its establishment in 2011/12, the department has incurred significant increases in expenditure relating to the development of ICT infrastructure, the setting up of the management performance assessment tool system and outsourced departmental services. The increase in spending on computer services and machinery and

equipment is also evident in 2013/14, although spending on these items is expected to stabilise over the medium term. The number of personnel in this programme is expected to increase from 66 in 2012/13 to 92 by 2016/17 as the department continues to build capacity in internal auditing, financial and information management. In line with the projected growth in personnel numbers, spending on compensation of employees is also expected to increase from R29.6 million in 2013/14 to R38.1 million in 2016/17, due to new positions created and improvements in conditions of service. There were no vacant posts at the end of November 2013.

To give effect to Cabinet approved budget reductions, the department has cut spending on catering, entertainment, and travel and subsistence by R300 000 over the medium term. The department will reprioritise funds from non-core services to ensure that these reductions do not impact negatively on service delivery.

## Programme 2: Outcomes Monitoring and Evaluation

### Objectives

- Advance government strategic priorities by:
  - embedding the outcomes approach by developing, coordinating and monitoring the implementation of delivery agreements and conducting implementation forums and related initiatives, on an ongoing basis
  - monitoring and evaluating the implementation of strategic priorities and providing 1 quarterly report per outcome to Cabinet on the progress of agreed outputs and targets for each outcome, and continuously evaluating the developmental impact
  - increasing accountability and transparency of government's commitment to the 14 priority outcomes by updating the current programme of action web portal hosted by the department, on an ongoing basis.

### Subprogrammes

- *Programme Management for Outcomes Monitoring and Evaluation* provides programme management and administrative support. This subprogramme had a staff complement of 1 in 2013/14.
- *Outcomes Support* facilitates and monitors the implementation of the outcomes approach. To monitor progress against targets, outputs and outcomes contained in the 12 delivery agreements, 4 quarterly reports per outcome are prepared for presentation to Cabinet every year. In 2012/13, the subprogramme provided 233 briefing notes on Cabinet memoranda to political principals and developed guidelines on municipal assessment. This subprogramme had a staff complement of 33 in 2013/14.
- *Evaluation and Research* conducts evaluations of government policies and programmes in terms of the national evaluation plan. In 2012/13, the department completed three evaluations under the currently approved national evaluation plan (2013-2016), with one evaluation still under way. To date, the department has developed 12 guidelines and provided training and capacity building to 237 national, provincial and local government officials in 12 courses relating to the evaluation process. This subprogramme had a staff complement of 8 in 2013/14.

### Expenditure estimates

**Table 6.7 Outcomes Monitoring and Evaluation**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Programme Management for Outcomes Monitoring and Evaluation	–	2.0	3.4	6.8	–	6.2%	2.8	3.0	3.1	-22.7%	4.9%
Outcomes Support	40.5	27.0	31.9	40.1	-0.3%	70.9%	50.7	54.9	59.3	13.9%	63.7%
Evaluation and Research	–	2.0	18.1	24.9	–	22.9%	24.7	25.3	25.9	1.4%	31.4%
<b>Total</b>	<b>40.5</b>	<b>31.0</b>	<b>53.4</b>	<b>71.8</b>	<b>21.0%</b>	<b>100.0%</b>	<b>78.2</b>	<b>83.2</b>	<b>88.3</b>	<b>7.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				2.4			0.4	2.1	2.4		

Table 6.7 Outcomes Monitoring and Evaluation

Economic classification	Audited outcome			Adjusted Appropriation	Average Growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17	2013/14 - 2016/17
	R million												
<b>Current payments</b>	<b>33.4</b>	<b>30.8</b>	<b>53.0</b>	<b>71.1</b>	<b>28.6%</b>	<b>95.7%</b>	<b>77.7</b>	<b>82.7</b>	<b>87.8</b>	<b>7.3%</b>	<b>99.3%</b>		
Compensation of employees	22.5	25.5	30.3	42.2	23.3%	61.2%	53.9	58.0	62.4	14.0%	67.3%		
Goods and services	10.9	5.3	22.7	29.0	38.5%	34.5%	23.8	24.7	25.4	-4.3%	32.0%		
of which:													
Computer services	2.5	0.2	-	-	-100.0%	1.4%	0.1	0.1	0.1	-	0.1%		
Consultants and professional services:	1.5	0.6	14.7	20.0	137.0%	18.7%	15.8	16.3	16.3	-6.5%	21.3%		
Business and advisory services													
Operating leases	0.3	-	-	-	-100.0%	0.1%	-	-	-	-	-		
Travel and subsistence	1.9	3.1	4.3	5.0	37.7%	7.2%	5.5	5.8	6.3	8.4%	7.0%		
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Households	-	-	0.2	-	-	0.1%	-	-	-	-	-		
<b>Payments for capital assets</b>	<b>7.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.7</b>	<b>-54.9%</b>	<b>4.2%</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>	<b>-10.4%</b>	<b>0.7%</b>		
Machinery and equipment	7.1	0.2	0.2	0.2	-72.2%	3.9%	0.2	0.2	0.2	3.6%	0.2%		
Software and other intangible assets	-	-	0.0	0.5	-	0.3%	0.4	0.3	0.3	-15.6%	0.5%		
<b>Total</b>	<b>40.5</b>	<b>31.0</b>	<b>53.4</b>	<b>71.8</b>	<b>21.0%</b>	<b>100.0%</b>	<b>78.2</b>	<b>83.2</b>	<b>88.3</b>	<b>7.1%</b>	<b>100.0%</b>		
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>85.6%</b>	<b>32.5%</b>	<b>33.3%</b>	<b>37.2%</b>			<b>37.6%</b>	<b>37.9%</b>	<b>38.0%</b>				

## Personnel information

Table 6.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Outcomes Monitoring and Evaluation	Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number			
		Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)		
				2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17	
				Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				
	65	6	48	30.3	0.6	67	42.2	0.6	81	53.9	0.7	82	58.0	0.7	82	62.4	0.8	7.0%	100.0%
1-6	1	-	-	-	-	1	0.2	0.2	4	0.3	0.1	4	0.3	0.1	4	0.4	0.1	58.7%	4.2%
7-10	19	1	12	5.2	0.4	21	7.9	0.4	21	8.2	0.4	21	8.8	0.4	21	9.4	0.4	-	26.9%
11-12	17	1	16	8.8	0.5	16	9.5	0.6	25	15.3	0.6	25	16.2	0.6	25	16.9	0.7	16.0%	29.2%
13-16	28	2	18	16.2	0.9	27	24.5	0.9	31	30.0	1.0	32	32.6	1.0	32	35.8	1.1	5.8%	39.1%
Other	-	2	2	0.1	0.0	2	0.1	0.0	-	-	-	-	-	-	-	-	-	-100.0%	0.6%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on completing the process of ministers signing the new performance and delivery agreements, which are informed by the medium term strategic framework and the 14 outcomes. These agreements, which should all be signed by 2014/15, will serve as the basis for reviewing and monitoring national departments against agreed upon outcomes and outputs.

The priority given to increasing capacity in evaluations and to extend management performance and service delivery assessments to local government is the result of a high level strategic decision. The development and piloting of the local government performance assessment programme and the establishment of the secretariat responsible for the revitalisation of distressed mining communities will increase spending in the *Outcomes Support* and *Evaluations and Research* subprogrammes over the medium term. The secretariat was established as a response to developments in the mining sector that have highlighted underlying socioeconomic dynamics in mining communities that require government intervention. Related spending increases will be on compensation of employees, as the department plans to appoint 3 additional personnel each year to perform these functions. The number of personnel in this programme is therefore expected to increase to 82 by 2016/17. At the end of November 2013, this programme had 5 vacancies. The posts are vacant due to normal attrition and the length of time it takes to finalise the recruitment process.

Expenditure over the medium term is expected to increase further as the department has terminated the *Monitoring and Evaluation Systems Coordination and Support* programme which entailed activities such as developing norms and standards and integrated its functions and some of its support staff into the *Outcomes*

*Monitoring and Evaluation* programme. This change to the programme structure was part of a departmental restructuring and realignment to improve accountability and support the attainment of the outcomes by government.

The department will give effect to Cabinet approved budget reductions of R400 000 over the medium term, through curtailing spending mainly on catering, entertainment, communication and travel. Funds from non-core services will be reprioritised to ensure that the reductions do not impact negatively on service delivery.

Spending on consultants, who provide professional and specialised services for research and evaluations, is set to increase to R16.3 million by 2016/17, in line with the department's expanded mandate.

## **Programme 3: Institutional Performance Monitoring and Evaluation**

### **Objectives**

- Ensure the alignment of departmental activities with government priorities by:
  - evaluating departmental strategic plans and annual performance plans on an ongoing basis
  - conducting annual management performance assessments on all national and provincial government departments over the medium term.
- Improve frontline service delivery by:
  - monitoring 180 new sites and revisiting 360 sites in collaboration with the offices of premiers in all provinces over the medium term
  - continually using the presidential hotline as a monitoring and evaluation tool.

### **Subprogrammes**

- *Programme Management for Institutional Performance Monitoring and Evaluation* provides programme management and administrative support. This subprogramme had a staff complement of 1 in 2013/14.
- *Management Performance Monitoring and Support* coordinates and facilitates institutional performance monitoring and evaluation in government. In 2013/14, the management performance assessment tool was reviewed and updated, 9 workshops were held to launch the tool at national and provincial levels and 6 learning workshops were held at provincial level. This subprogramme had a staff complement of 13 in 2013/14.
- *Presidential Frontline Service Delivery Performance Monitoring and Support* monitors, evaluates and facilitates the improvement of frontline service delivery throughout the public sector system, including the presidential hotline. In 2012/13, 215 frontline service delivery site visits took place, and in 2013/14, 120 new sites will be monitored. The site visits will be extended to 90 new sites and 120 revisits per year over the medium term. This subprogramme had a staff complement of 18 in 2013/14.
- *Macro Monitoring and Evaluation Policy and Capacity Building* coordinates the implementation of monitoring and evaluation policies, as well as systems and capacity building programmes. In 2013/14, the government wide monitoring and evaluation policy framework was reviewed and a draft green paper was developed. This subprogramme had a staff complement of 8 in 2013/14.

## Expenditure estimates

**Table 6.9 Institutional Performance Monitoring and Evaluation**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate		Medium-term expenditure estimate			Average growth Rate		Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2013/14 - 2016/17	2014/15	2015/16	2016/17	2013/14 - 2016/17	
R million												
Programme Management for Institutional Performance Monitoring and Evaluation	–	1.7	0.5	1.7	–	2.6%	2.4	2.6	2.7	16.6%	3.4%	
Management Performance Monitoring and Support	–	3.5	14.4	15.3	–	21.9%	19.8	23.8	24.7	17.3%	29.8%	
Presidential Frontline Service Delivery Performance Monitoring and Support	–	25.3	30.2	36.6		60.7%	36.7	39.8	42.0	4.7%	55.4%	
Macro Monitoring and Evaluation Policy and Capacity Building	6.8	0.9	6.0	8.6	8.2%	14.7%	7.3	7.7	8.2	-1.8%	11.4%	
<b>Total</b>	<b>6.8</b>	<b>31.5</b>	<b>51.2</b>	<b>62.3</b>	<b>109.2%</b>	<b>100.0%</b>	<b>66.2</b>	<b>73.8</b>	<b>77.6</b>	<b>7.6%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				62.3			66.2	73.8	77.6			
<b>Economic Classification</b>												
<b>Current payments</b>	<b>6.8</b>	<b>31.4</b>	<b>50.5</b>	<b>61.6</b>	<b>108.5%</b>	<b>99.1%</b>	<b>65.5</b>	<b>73.2</b>	<b>76.9</b>	<b>7.7%</b>	<b>99.1%</b>	
Compensation of employees	3.6	11.9	29.2	36.7	117.0%	53.7%	43.9	48.5	51.2	11.7%	64.4%	
Goods and services	3.2	19.4	21.3	24.9	98.0%	45.4%	21.6	24.7	25.7	1.1%	34.6%	
of which:												
Computer services	3.1	9.7	9.6	10.5	50.1%	21.7%	11.0	11.5	12.0	4.6%	16.1%	
Consultants and professional services:	–	0.4	3.1	4.8	–	5.5%	1.5	3.5	3.5	-10.0%	4.8%	
Business and advisory services												
Travel and subsistence	0.0	0.9	4.0	4.4	460.1%	6.1%	4.8	5.0	5.2	5.6%	6.9%	
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.1</b>	<b>0.6</b>	<b>0.7</b>	<b>410.4%</b>	<b>0.9%</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>-0.3%</b>	<b>0.9%</b>	
Machinery and equipment	0.0	0.1	0.1	0.1	206.5%	0.2%	0.2	0.2	0.2	18.2%	0.3%	
Software and other intangible assets	–	0.0	0.5	0.5	–	0.7%	0.4	0.4	0.4	-6.9%	0.6%	
<b>Total</b>	<b>6.8</b>	<b>31.5</b>	<b>51.2</b>	<b>62.3</b>	<b>109.2%</b>	<b>100.0%</b>	<b>66.2</b>	<b>73.8</b>	<b>77.6</b>	<b>7.6%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>14.4%</b>	<b>32.9%</b>	<b>31.9%</b>	<b>32.3%</b>			<b>31.8%</b>	<b>33.6%</b>	<b>33.3%</b>			

## Personnel information

**Table 6.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
<b>Institutional Performance Monitoring and Evaluation</b>																			
Salary level	59	4	–	29.2	–	67	36.7	0.5	79	43.9	0.6	82	48.5	0.6	82	51.2	0.6	7.0%	100.0%
1 – 6	1	–	–	0.1	–	1	–	–	7	0.5	0.1	7	0.5	0.1	7	0.5	0.1	91.3%	7.1%
7 – 10	21	–	–	6.2	–	22	8.0	0.4	26	9.6	0.4	27	10.7	0.4	27	11.4	0.4	7.1%	32.9%
11 – 12	23	–	–	11.3	–	21	12.3	0.6	27	16.5	0.6	29	18.8	0.6	29	19.9	0.7	11.4%	34.2%
13 – 16	14	–	–	11.5	–	19	16.4	0.9	19	17.4	0.9	19	18.5	1.0	19	19.5	1.0	–	24.5%
Other	–	4	–	0.1	–	4	0.0	0.0	–	–	–	–	–	–	–	–	–	-100.0%	1.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on stimulating improvements in the performance of government service sites such as schools, clinics and police stations, through service delivery monitoring visits and piloting projects in 50 service delivery facilities. This forms part of government's citizen based monitoring initiative, which falls under the *Presidential Frontline Service Delivery Performance Monitoring and Support* subprogramme. This is reflected in the increased spending in the subprogramme over the medium term. Expenditure on travel and subsistence and computer services is expected to increase by an estimated R11.5 million over the medium term, due to the visits and the cost of maintaining the presidential hotline.

Expenditure increases between 2012/13 and 2013/14 were driven mostly by the *Management Performance Monitoring and Support* subprogramme, due mainly to the department's expanded mandate to support the strategic and annual performance planning and reporting process across national and provincial departments.

Increased spending on compensation of employees in the subprogramme is due to improvements in conditions of service, and R15.7 million in additional allocations for the expanded mandate will facilitate the appointment of 8 personnel and related increases in goods and services.

The *Macro Monitoring and Evaluation Policy and Capacity Building* subprogramme and its related expenditure has been moved from the now defunct *Monitoring and Evaluation Systems Coordination and Support* programme to this programme as it mostly supports the programme's objectives. This will result in an increase in personnel numbers from 67 in 2013/14 to 82 by 2016/17 as the department continues to build capacity to ensure that 90 new sites are monitored and 120 sites are revisited over the medium term. At the end of November 2013, this programme had 5 vacancies. These posts are vacant due to normal attrition and the length of time it takes to finalise the recruitment process.

# Vote 7

## Public Works

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	1 175.3	1 148.9	1.2	25.3	1 133.3	1 191.5
Immovable Asset Management	2 861.4	1 434.5	859.2	567.7	3 308.1	3 450.0
Expanded Public Works Programme	1 951.3	269.4	1 679.1	2.8	2 006.8	2 395.2
Property and Construction Industry Policy Regulation	41.5	41.1	0.2	0.1	43.4	45.9
Auxiliary and Associated Services	91.8	68.2	23.7	–	53.7	56.6
<b>Total expenditure estimates</b>	<b>6 121.3</b>	<b>2 962.0</b>	<b>2 563.4</b>	<b>595.9</b>	<b>6 545.3</b>	<b>7 139.2</b>

Executive authority Minister of Public Works  
Accounting officer Director General of Public Works  
Website address [www.publicworks.gov.za](http://www.publicworks.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Provide for and manage the accommodation, housing, land and infrastructure needs of national departments. Lead and direct the implementation of the national expanded public works programme. Promote growth, job creation and transformation in the construction and property industries.*

### Mandate

As set out in the Government Immovable Asset Management Act (2007), the Department of Public Works is mandated to be the custodian and portfolio manager of national government's immovable assets. This includes the provision of office accommodation and expert built environment services to client departments at the national government level; as well as the planning, acquiring, managing and disposing of immovable assets under the custody of the department. The department is further mandated to coordinate and provide strategic leadership in job creation initiatives through the implementation of the expanded public works programme, and to regulate the construction and property industries. Public works is constitutionally designated as a concurrent function exercised by both the national and provincial spheres of government.

### Strategic goals

The department aims to promote government's policy objectives by providing and managing the accommodation, housing, land and infrastructure related needs of national government; coordinating the national expanded public works programme; and driving the transformation of the construction and property industries.

The department's strategic goals over the medium term are to:

- manage the life cycle of immovable assets in the custody of the department effectively and efficiently, within a reasonable timeframe, and in a cost effective manner, without compromising quality
- lead and coordinate the creation of additional employment opportunities by introducing labour intensive delivery methods and additional employment, as well as skills programmes, for the participation of the unemployed in delivering the needed services
- contribute towards a comprehensive rural development programme through the disposal of state owned immovable assets

- provide competent leadership to the South African construction and property industries while ensuring the transformation and regulation of these industries
- provide strategic leadership in ensuring effective governance and the integrity of the operations of the department.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide strategic leadership and support services, including the accommodation and overall management of the department.

### Programme 2: Immovable Asset Management

**Purpose:** Provide and manage government's immovable property portfolio in support of government's social, economic, functional and political objectives.

### Programme 3: Expanded Public Works Programme

**Purpose:** Ensure the creation of work opportunities and the provision of training for unskilled, marginalised and unemployed people in South Africa by coordinating the implementation of the expanded public works programme.

### Programme 4: Property and Construction Industry Policy Regulations

**Purpose:** Promote the growth and transformation of the construction and property industries. Promote a standardised approach and best practice in construction and immovable asset management in the public sector.

### Programme 5: Auxiliary and Associated Services

**Purpose:** Provide for various services, including compensation for losses on the government assisted housing scheme and assistance to organisations for the preservation of national memorials. Meet the protocol responsibilities for state functions.

## Selected performance indicators

Table 7.1 Public Works

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of properties released for redistribution under the land reform programme per year	Immovable Asset Management	Outcome 7: Vibrant, equitable, sustainable rural communities with food security for all	34	0 <sup>1</sup>	0 <sup>1</sup>	9	40	38	9
Total number of properties for which information fields in the immovable asset register are compliant with generally recognised accounting practices	Immovable Asset Management	Outcome 6: An efficient, competitive and responsive economic infrastructure network	-2	-2	-2	-2	56 871	113 742	-3

Table 7.1 Public Works

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of expanded public works programme work opportunities created per year	Expanded Public Works Programme	Outcome 4: Decent employment through inclusive economic growth	607 612	843 459	941 593	1 210 000	1 075 189	1 147 026	1 198 087
Number of expanded public works programme work opportunities created by rural municipalities per year	Expanded Public Works Programme		449 313	626 161	707 973	700 000	700 000	730 000	750 000
Number of planned projects completed	Immovable Asset Management	Outcome 12: An efficient, effective and development oriented public service	326	237	214	300	542	349	200
Number of signed outcomes based facilities management contracts for state owned buildings per year	Immovable Asset Management		-2	-2	-2	-2	12	20	20
Number of buildings retrofitted in line with green building principles per year	Immovable Asset Management	Outcome 12: An efficient, effective and development oriented public service	1 342	1 342	1 079	0 <sup>1</sup>	300	347	400

1. There were no properties released for redistribution in 2011/12 and 2011/13 as there was no approval and there were no buildings retrofitted as there was no plan to retrofit buildings in 2013/14.

2. No historical data as these are new indicators that the department will be implementing over the MTEF period.

3. The target will be achieved in 2015/16.

## The national development plan

The department will contribute to the priorities of the national development plan through the implementation of initiatives that relate to job creation, the transition to a low cost carbon economy, the development of an inclusive and integrated rural economy, and the fight against corruption.

The national development plan acknowledges that unemployment is likely to remain high in the medium to long term, even in more favourable macroeconomic conditions. Through its coordination of the expanded public works programme, the department aims to create 6 million work opportunities by the end of 2018/19. The department's other job creation programmes include the young professionals programme, the internship programme and learnership programme for graduates from sectors that are relevant to the department's core business, and the resuscitation of regional workshops through the artisan training programme. In line with the national development plan's endorsement of a low cost carbon economy, the department will continue to implement energy and water efficiency programmes, as well as the green buildings framework, over the medium term. These are all linked to government's broader strategies to manage the effects of global warming. To contribute to the development of an inclusive and integrated rural economy as envisaged by the national development plan, the department's rural development programme will continue to focus on the disposal of state owned immovable assets in rural areas for developmental purposes, and facilitate the creation of remote area development precincts.

## Expenditure estimates

**Table 7.2 Public Works**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)		Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13			2010/11 - 2013/14	2013/14		2014/15	2015/16	2016/17			2013/14 - 2016/17
	R million													
Administration	679.5	837.1	856.2	1 158.2	1 158.2	19.5%	13.1%		1 175.3	1 133.3	1 191.5	0.9%	18.0%	
Immovable Asset Management	4 968.5	5 001.7	4 563.5	2 981.8	2 831.8	-17.1%	64.5%		2 861.4	3 308.1	3 450.0	6.8%	48.2%	
Expanded Public Works Programme	914.9	1 163.0	1 704.1	1 948.0	1 948.0	28.6%	21.3%		1 951.3	2 006.8	2 395.2	7.1%	32.1%	
Property and Construction Industry Policy Regulation	28.0	34.4	26.9	36.7	36.7	9.4%	0.5%		41.5	43.4	45.9	7.7%	0.6%	
Auxiliary and Associated Services	24.1	25.2	53.3	50.7	50.7	28.0%	0.6%		91.8	53.7	56.6	3.7%	1.0%	
<b>Total</b>	<b>6 615.1</b>	<b>7 061.4</b>	<b>7 203.9</b>	<b>6 175.3</b>	<b>6 025.3</b>	<b>-3.1%</b>	<b>100.0%</b>		<b>6 121.3</b>	<b>6 545.3</b>	<b>7 139.2</b>	<b>5.8%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				5.2	(144.8)				(458.4)	(434.6)	(232.5)			

**Economic classification**

	2010/11	2011/12	2012/13	2013/14	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
<b>Current payments</b>	<b>1 917.1</b>	<b>2 304.1</b>	<b>2 351.6</b>	<b>2 853.0</b>	<b>2 853.0</b>	<b>14.2%</b>	<b>35.0%</b>	<b>2 962.0</b>	<b>2 956.4</b>	<b>3 139.6</b>	<b>3.2%</b>	<b>46.1%</b>
Compensation of employees	1 089.7	1 269.6	1 374.6	1 473.5	1 473.5	10.6%	19.4%	1 659.9	1 753.5	1 870.5	8.3%	26.2%
Goods and services	818.6	1 032.9	977.0	1 379.6	1 379.6	19.0%	15.6%	1 302.1	1 202.9	1 269.0	-2.7%	20.0%
<i>of which:</i>												
Agency and support / outsourced services	41.9	76.6	137.3	391.9	391.9	110.7%	2.4%	284.5	183.0	188.6	-21.6%	4.1%
Operating leases	209.1	213.9	139.8	253.7	253.7	6.7%	3.0%	252.2	262.7	269.7	2.1%	4.0%
Property payments	140.7	255.0	257.6	278.9	278.9	25.6%	3.5%	273.9	289.3	305.7	3.1%	4.4%
Travel and subsistence	51.0	86.6	86.4	89.8	89.8	20.7%	1.2%	87.0	90.7	95.7	2.2%	1.4%
Interest and rent on land	8.8	1.6	0.0	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>3 302.5</b>	<b>3 656.2</b>	<b>4 092.4</b>	<b>2 543.9</b>	<b>2 543.9</b>	<b>-8.3%</b>	<b>50.5%</b>	<b>2 563.4</b>	<b>2 654.2</b>	<b>3 017.9</b>	<b>5.9%</b>	<b>41.7%</b>
Provinces and municipalities	2 383.9	2 593.0	2 970.0	1 225.8	1 225.8	-19.9%	34.1%	1 201.5	1 243.1	1 492.5	6.8%	20.0%
Departmental agencies and accounts	710.3	732.5	751.6	803.7	803.7	4.2%	11.1%	802.8	843.4	890.8	3.5%	12.9%
Foreign governments and international organisations	13.9	13.0	15.4	20.5	20.5	13.9%	0.2%	21.7	22.7	23.9	5.3%	0.3%
Public corporations and private enterprises	0.1	150.0	50.8	50.0	50.0	781.6%	0.9%	50.0	50.0	-	-100.0%	0.6%
Non-profit institutions	188.8	163.8	292.6	438.3	438.3	32.4%	4.0%	477.5	484.8	600.3	11.1%	7.7%
Households	5.6	4.0	11.9	5.6	5.6	0.1%	0.1%	9.9	10.2	10.5	23.2%	0.1%
<b>Payments for capital assets</b>	<b>1 340.6</b>	<b>1 099.1</b>	<b>756.8</b>	<b>778.4</b>	<b>628.4</b>	<b>-22.3%</b>	<b>14.2%</b>	<b>595.9</b>	<b>934.8</b>	<b>981.7</b>	<b>16.0%</b>	<b>12.2%</b>
Buildings and other fixed structures	1 255.9	1 011.4	713.0	676.2	526.2	-25.2%	13.0%	510.4	844.0	885.2	18.9%	10.7%
Machinery and equipment	82.5	81.2	43.3	90.9	90.9	3.3%	1.1%	79.2	84.2	89.6	-0.5%	1.3%
Software and other intangible assets	2.2	6.6	0.5	11.2	11.2	71.8%	0.1%	6.3	6.6	7.0	-14.6%	0.1%
<b>Payments for financial assets</b>	<b>54.8</b>	<b>2.0</b>	<b>3.2</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>6 615.1</b>	<b>7 061.4</b>	<b>7 203.9</b>	<b>6 175.3</b>	<b>6 025.3</b>	<b>-3.1%</b>	<b>100.0%</b>	<b>6 121.3</b>	<b>6 545.3</b>	<b>7 139.2</b>	<b>5.8%</b>	<b>100.0%</b>

## Personnel information

**Table 7.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Public Works	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary level	6 252	369	5 494	1 374.6	0.3	5 560	1 473.5	0.3	5 877	1 659.9	0.3	5 913	1 753.5	0.3	6 008	1 870.5	0.3	2.6%	100.0%
1 - 6	3 283	153	2 909	402.6	0.1	3 006	444.5	0.1	3 056	475.1	0.2	3 061	494.1	0.2	3 112	520.9	0.2	1.2%	52.4%
7 - 10	1 968	146	1 924	566.9	0.3	1 886	590.5	0.3	2 100	689.4	0.3	2 123	730.3	0.3	2 133	767.7	0.4	4.2%	35.3%
11 - 12	811	47	488	257.7	0.5	489	276.1	0.6	542	322.5	0.6	544	341.1	0.6	574	380.0	0.7	5.5%	9.2%
13 - 16	190	23	173	147.3	0.9	179	162.4	0.9	179	172.9	1.0	185	187.9	1.0	189	202.0	1.1	1.8%	3.1%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing and managing the accommodation, housing, land and infrastructure needs of national departments; rehabilitating 34 state owned buildings; and ensuring that at least 100 buildings are made accessible to people with disabilities in each year of the MTEF period.

The focus will also be on leading and improving the coordination of the expanded public works programme to achieve the department's target of creating 3.4 million work opportunities by the end of 2016/17. To achieve the target for work opportunities, Cabinet has approved an additional allocation of R159 million in 2016/17 for the expanded public works programme.

Cabinet approved baseline reductions of R1.3 billion over the MTEF period will be effected in the following areas: R650 million on infrastructure projects in the *Immovable Assets Management* programme, R150 million on non-core goods and services items in all programmes, R26.2 million on compensation of employees, R150 million on transfers to the property management trading entity, and R308.3 million on the expanded public works programme. These reductions are largely a result of continual underspending in the department's capital budget.

Spending on consultants increased between 2010/11 and 2013/14 as the department lacked the technical skills in finance and supply chain management, security, information service, property and project management, and for implementing the turnaround programme. The department has, in the past, received adverse audit reports which identified maladministration and a shortage of technical skills as weaknesses. As a result, over the medium term the department will be implementing the turnaround project, which will source staff with the required skills and technical expertise, and strengthen the skills and experience of existing staff. This is expected to decrease spending on consultants gradually over the medium term, while personnel numbers and the related expenditure on compensation of employees are set to increase. At the end of November 2013, the department had a funded establishment of 6 252, of which 5 560 were filled and 692 were vacant. These vacancies are the result of natural attrition and the length of time it takes to finalise recruitment processes. The department's filled establishment is expected to increase to 6 008 posts in 2016/17 and as a result, spending on compensation of employees is projected to increase by 8.3 per cent over the medium term.

### Infrastructure spending

Spending on infrastructure decreased from R1.3 billion in 2010/11 to R676 million in 2013/14. The decrease was due to the reprioritisation of infrastructure funds to provide funding for the turnaround programme. The department's overall infrastructure budget has been reduced by R220 million in 2014/15, R180 million in 2015/16 and R250 million in 2016/17, mainly to provide for Cabinet approved reductions. Consequently, infrastructure spending is expected to increase slightly to R885 million over the medium term, mostly due to inflation related adjustments to existing infrastructure projects.

#### *Small infrastructure projects*

The department's capital works implementation programme, which is allocated R2.2 billion over the medium term, is organised into six project categories, which are at various stages of completion. The allocations are as follows:

- R448 million for departmental projects, which deal with the construction and major refurbishment of the department's own accommodation
- R306 million for dolomite projects, which deal with the management of risk in dolomitic areas
- R30 million for accessibility projects, which make public buildings more accessible to disabled people
- R795 million for land ports of entry, which provide for the construction, maintenance and upgrading of border control infrastructure projects
- R346 million for prestige management projects, which are for the management of government's prestige portfolio
- R314 million for inner-city regeneration projects, which facilitate inner city regeneration around the Tshwane area in addressing the accommodation needs of national government departments.

## Departmental receipts

Table 7.4 Receipts

R thousand	Audited outcome			Adjusted estimate 2013/14	Revised estimate	Average growth rate (%) 2010/11 - 2013/14	Receipt/ total: Average (%) 2013/14	Medium-term receipts estimate			Average growth rate (%) 2013/14 - 2016/17	Receipt/ total: Average (%) 2016/17
	2010/11	2011/12	2012/13					2014/15	2015/16	2016/17		
<b>Departmental receipts</b>	<b>40 042</b>	<b>75 195</b>	<b>53 795</b>	<b>12 388</b>	<b>12 388</b>	<b>-32.4%</b>	<b>100.0%</b>	<b>13 238</b>	<b>13 898</b>	<b>14 593</b>	<b>5.6%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>33 743</b>	<b>36 353</b>	<b>32 013</b>	<b>4 594</b>	<b>4 594</b>	<b>-48.6%</b>	<b>58.8%</b>	<b>4 803</b>	<b>5 042</b>	<b>5 295</b>	<b>4.8%</b>	<b>36.5%</b>
Sales by market establishments	414	411	445	414	414	-	0.9%	414	434	456	3.3%	3.2%
of which:												
Market establishment: Rental parking: Covered and open	414	411	445	414	414	-	0.9%	414	434	456	3.3%	3.2%
Administration fees	-	2	215	172	172	-	0.2%	181	190	200	5.2%	1.4%
of which:												
Servitude rights	-	2	215	172	172	-	0.2%	181	190	200	5.2%	1.4%
Other sales	33 329	35 940	31 353	4 008	4 008	-50.6%	57.7%	4 208	4 418	4 639	5.0%	31.9%
of which:												
Tender documents	33 329	35 940	31 353	2 288	2 288	-59.1%	56.7%	2 402	2 522	2 648	5.0%	18.2%
Rental of capital assets	-	-	-	864	864	-	0.5%	907	952	1 000	5.0%	6.9%
Services rendered: Commission on insurance and gamishees	-	-	-	856	856	-	0.5%	899	944	991	5.0%	6.8%
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>-</b>	<b>35</b>	<b>4</b>	<b>144</b>	<b>144</b>	<b>-</b>	<b>0.1%</b>	<b>402</b>	<b>422</b>	<b>443</b>	<b>45.4%</b>	<b>2.6%</b>
of which:												
Sales: Scrap	-	-	-	126	126	-	0.1%	383	402	422	49.6%	2.5%
Sales: Waste paper	-	35	4	18	18	-	-	19	20	21	5.3%	0.1%
Fines, penalties and forfeits	19	12	3	-	-	-100.0%	-	-	-	-	-	-
<b>Interest, dividends and rent on land</b>	<b>192</b>	<b>103</b>	<b>7 835</b>	<b>5 702</b>	<b>5 702</b>	<b>209.7%</b>	<b>7.6%</b>	<b>5 987</b>	<b>6 286</b>	<b>6 600</b>	<b>5.0%</b>	<b>45.4%</b>
Interest	192	103	7 835	5 702	5 702	209.7%	7.6%	5 987	6 286	6 600	5.0%	45.4%
Sales of capital assets	1 071	3 154	-	-	-	-100.0%	2.3%	-	-	-	-	-
Transactions in financial assets and liabilities	5 017	35 538	13 940	1 948	1 948	-27.0%	31.1%	2 046	2 148	2 255	5.0%	15.5%
<b>Total</b>	<b>40 042</b>	<b>75 195</b>	<b>53 795</b>	<b>12 388</b>	<b>12 388</b>	<b>-32.4%</b>	<b>100.0%</b>	<b>13 238</b>	<b>13 898</b>	<b>14 593</b>	<b>5.6%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 7.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/ total: Average (%) 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/ total: Average (%) 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Ministry	29.4	25.3	22.3	29.6	0.3%	3.0%	31.3	32.6	34.5	5.3%	2.7%
Management	60.0	52.0	92.9	134.9	31.0%	9.6%	136.2	114.0	118.8	-4.2%	10.8%
Corporate Services	276.9	375.4	365.8	488.7	20.8%	42.7%	510.6	464.8	486.7	-0.1%	41.9%
Office Accommodation	313.1	384.4	375.3	504.9	17.3%	44.7%	497.2	521.8	551.5	3.0%	44.6%
<b>Total</b>	<b>679.5</b>	<b>837.1</b>	<b>856.2</b>	<b>1 158.2</b>	<b>19.5%</b>	<b>100.0%</b>	<b>1 175.3</b>	<b>1 133.3</b>	<b>1 191.5</b>	<b>0.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				10.0			27.0	(17.4)	(23.9)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>653.2</b>	<b>787.6</b>	<b>832.9</b>	<b>1 116.9</b>	<b>19.6%</b>	<b>96.0%</b>	<b>1 148.9</b>	<b>1 105.6</b>	<b>1 162.3</b>	<b>1.3%</b>	<b>97.3%</b>
Compensation of employees	169.1	199.4	219.0	227.4	10.4%	23.1%	279.9	306.8	326.7	12.8%	24.5%
Goods and services	483.8	587.9	613.9	889.5	22.5%	72.9%	868.9	798.9	835.6	-2.1%	72.8%
of which:											
Agency and support / outsourced services	21.8	28.6	66.3	206.9	111.7%	9.2%	185.3	82.0	78.7	-27.6%	11.9%
Operating leases	187.1	193.0	124.1	243.1	9.1%	21.2%	241.0	251.0	265.2	2.9%	21.5%
Property payments	140.0	198.6	257.1	277.7	25.6%	24.7%	272.6	288.0	304.3	3.1%	24.5%
Travel and subsistence	18.6	17.5	16.2	18.0	-1.1%	2.0%	16.8	17.6	18.7	1.3%	1.5%
Interest and rent on land	0.4	0.2	0.0	-	-100.0%	-	-	-	-	-	-

Table 7.5 Administration

Economic classification	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Transfers and subsidies</b>	<b>2.4</b>	<b>0.6</b>	<b>6.0</b>	<b>1.2</b>	<b>-21.2%</b>	<b>0.3%</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>	<b>3.8%</b>	<b>0.1%</b>
Households	2.4	0.6	6.0	1.1	-21.5%	0.3%	1.2	1.2	1.3	3.8%	0.1%
<b>Payments for capital assets</b>	<b>23.8</b>	<b>49.0</b>	<b>17.3</b>	<b>40.1</b>	<b>18.9%</b>	<b>3.7%</b>	<b>25.3</b>	<b>26.4</b>	<b>27.9</b>	<b>-11.4%</b>	<b>2.6%</b>
Machinery and equipment	22.2	42.5	17.1	29.3	9.6%	3.1%	19.1	20.0	21.1	-10.4%	1.9%
Software and other intangible assets	1.6	6.5	0.2	10.8	88.5%	0.5%	6.2	6.4	6.8	-14.4%	0.6%
<b>Total</b>	<b>679.5</b>	<b>837.1</b>	<b>856.2</b>	<b>1 158.2</b>	<b>19.5%</b>	<b>100.0%</b>	<b>1 175.3</b>	<b>1 133.3</b>	<b>1 191.5</b>	<b>0.9%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>10.3%</b>	<b>11.9%</b>	<b>11.9%</b>	<b>18.8%</b>			<b>19.2%</b>	<b>17.3%</b>	<b>16.7%</b>		

## Details of selected transfers and subsidies

Households											
Social benefits											
Current											
	2.4	0.6	6.0	1.1	-21.5%	0.3%	1.2	1.2	1.3	3.8%	0.1%
Employee social benefits	2.4	0.6	6.0	1.1	-21.5%	0.3%	1.2	1.2	1.3	3.8%	0.1%

## Personnel information

Table 7.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%) 2013/14 - 2016/17	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17								
			Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost							
	777	68	596	219.0	0.4	578	227.4	0.4	691	279.9	0.4	719	306.8	0.4	772	326.7	0.4	10.1%	100.0%
1 – 6	216	14	117	19.3	0.2	137	24.2	0.2	158	29.5	0.2	160	31.1	0.2	211	39.7	0.2	15.5%	24.1%
7 – 10	374	24	326	96.3	0.3	282	87.9	0.3	346	112.8	0.3	367	125.9	0.3	374	134.4	0.4	9.9%	49.6%
11 – 12	116	11	86	44.9	0.5	88	49.8	0.6	116	67.9	0.6	116	71.5	0.6	116	75.3	0.6	9.6%	15.8%
13 – 16	71	19	67	58.5	0.9	71	65.5	0.9	71	69.7	1.0	76	78.1	1.0	71	77.4	1.1	–	10.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on ensuring adequate office accommodation for departmental employees and on maintaining and improving corporate services functions such as legal, financial and supply chain management, as part of the turnaround strategy. Thus, the bulk of the programme's allocation over the medium term goes to the *Office Accommodation and Corporate Services* subprogrammes, in which spending on compensation of employees, operating leases, property payments and specific areas in the turnaround programme, are the largest spending items.

With the turnaround strategy requiring an overhaul of the department's structure, as well as personnel establishment and systems to be in line with the new business model, spending on agency support and outsourced services increased in 2013/14. However, this is expected to decrease over the medium term as the department appoints its own personnel to implement the turnaround project to completion. The increase in 2013/14 provided for the appointment of the core turnaround support team. The turnaround project is allocated R366 million over the medium term to fund the activities of the Special Investigating Unit, a technical support unit, a clean audit project, irregular expenditure management, internal audit support, and the appointment of additional personnel within the finance and supply chain management units. This programme had a funded establishment of 777, of which 578 were filled and 199 posts were vacant at the end of November 2013. These vacancies are the result of natural attrition and the length of time it takes to finalise recruitment processes. The number of filled posts is expected to increase to 772 in 2016/17 and this will lead to increased expenditure on compensation of employees, growing at an average annual rate of 12.8 per cent over the MTEF period.

To give effect to Cabinet approved budget reductions, R128 million over the medium term has been cut from the programme's budget. The reductions are to be implemented mainly in spending on non-core goods and services items such as communication, computer services, agency and support services, stationery, operating leases, property payments, travel and subsistence, and venues and facilities.

## **Programme 2: Immovable Asset Management**

### **Objectives**

- Enhance the value of the state's immovable asset portfolio and improve the condition of state buildings by rehabilitating 34 buildings to ensure that service delivery to client departments is improved, over the medium term.
- Ensure that all state owned buildings are accessible to all people, including people with disabilities, by building basic requirements such as ramps, appropriate parking and ablution facilities, doorways, lifts and signage for 300 buildings over the medium term.
- Ensure complete, accurate and generally recognised accounting practices, compliant with the immovable asset register, through the enhancement of information fields in the asset register database and through desktop and physical verification of 113 742 properties (of which 39 812 are land parcels) by March 2016.

### **Subprogrammes**

- *Infrastructure (Public Works)* is discussed in more detail below.
- *Strategic Asset Investment Analysis* provides for the strategic management of immovable assets owned or used for delivering various government services that are expected to yield functional, economic and social benefits to the state. A key activity is ensuring the efficient and effective management of immovable assets throughout their lifecycle. In 2013/14, 4 buildings were rehabilitated and 28 buildings were refurbished to ensure that they are accessible to people with disabilities. This subprogramme had a staff complement of 218 in 2013/14.
- *Operation Management* funds the human resources and related goods and services required for the acquisition and construction of infrastructure for the department and client departments. A key activity is ensuring that all projects and services, such as municipal services and leasing of properties are implemented to improve service delivery by client departments. This subprogramme had a staff complement of 4 864 in 2013/14.
- *Prestige Management* funds the allocations for activities relating to the residences of parliamentarians, ministers, deputy ministers, the deputy president and the president. A key activity is ensuring that all prestige projects and programmes are completed to the satisfaction of their clients. This subprogramme had a staff complement of 12 in 2013/14.
- *Special Projects* funds the implementation of non-recurring and technical projects in the department. This entails ensuring that the department delivers timeously and efficiently on all planned infrastructure projects. Specific services provided include project management in the design and construction of office accommodation. This subprogramme had a staff complement of 134 in 2013/14.
- *Construction Industry Development Board* transfers funds to the Construction Industry Development Board, which is an entity of the department.
- *Council for the Built Environment* transfers funds to the Council for the Built Environment, which is an entity of the department.
- *Parliamentary Village Management Board* provides for the transportation and related costs of parliamentarians and related officials. The purpose of this subprogramme is to ensure efficient and effective provision of transport to officials residing at the parliamentary village.
- *Augmentation of the Property Management Trading Entity* transfers funds to the Property Management Trading Entity.
- *Independent Development Trust* transfers funds to the Independent Development Trust, an entity of the department established in 1990 as a schedule 2 public entity with a once-off R2 billion government

endowment. However, financial constraints necessitated additional funding of R150 million in 2011/12, R50.8 million in 2012/13, and R150 million in 2013/14 to ensure that it remains a going concern and that it is able to develop a business case that articulates its transformation.

## Expenditure estimates

**Table 7.7 Immovable Asset Management**

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Infrastructure (Public Works)	1 255.9	1 011.4	713.0	676.2	-18.6%	20.9%	510.4	844.0	885.2	9.4%	23.1%
Property Management	1 865.2	1 803.2	1 798.2	-	-100.0%	31.2%	-	-	-	-	-
Strategic Asset Investment Analysis	165.9	161.7	55.4	144.9	-4.4%	3.0%	167.9	176.7	187.4	9.0%	5.4%
Operation Management	883.6	1 000.3	1 077.8	1 128.4	8.5%	23.4%	1 190.1	1 245.3	1 342.6	6.0%	38.9%
Prestige Management	70.6	67.3	34.6	52.3	-9.5%	1.3%	40.1	41.7	31.3	-15.7%	1.3%
Special Projects	18.2	75.5	83.3	129.1	92.1%	1.7%	102.0	109.0	114.9	-3.8%	3.6%
Construction Industry Development Board	63.7	66.0	67.6	72.4	4.4%	1.5%	77.2	81.4	85.7	5.8%	2.5%
Council for the Built Environment	25.5	28.7	28.1	38.0	14.1%	0.7%	41.6	44.3	46.6	7.1%	1.4%
Parliamentary Village Management Board	7.0	7.4	7.8	8.2	5.5%	0.2%	8.7	9.1	9.6	5.3%	0.3%
Augmentation of the Property Management Trading Entity	613.0	630.2	646.8	682.4	3.6%	14.7%	673.4	706.6	746.7	3.0%	22.3%
Independent Development Trust	-	150.0	50.8	50.0	-	1.4%	50.0	50.0	-	-100.0%	1.2%
<b>Total</b>	<b>4 968.5</b>	<b>5 001.7</b>	<b>4 563.5</b>	<b>2 981.8</b>	<b>-15.7%</b>	<b>100.0%</b>	<b>2 861.4</b>	<b>3 308.1</b>	<b>3 450.0</b>	<b>5.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(2.3)			(399.2)	(267.2)	(331.1)		

### Economic classification

<b>Current payments</b>	<b>1 023.3</b>	<b>1 265.5</b>	<b>1 220.8</b>	<b>1 391.2</b>	<b>10.8%</b>	<b>28.0%</b>	<b>1 434.5</b>	<b>1 502.8</b>	<b>1 601.9</b>	<b>4.8%</b>	<b>47.1%</b>
Compensation of employees	850.1	970.3	1 046.8	1 124.3	9.8%	22.8%	1 232.6	1 290.1	1 377.4	7.0%	39.9%
Goods and services	169.3	293.9	174.1	266.9	16.4%	5.2%	201.9	212.7	224.5	-5.6%	7.2%
<i>of which:</i>											
Agency and support / outsourced services	6.7	1.1	6.7	93.8	140.6%	0.6%	35.3	38.2	40.3	-24.6%	1.6%
Operating leases	20.5	19.9	15.4	9.9	-21.5%	0.4%	10.5	11.0	3.7	-27.8%	0.3%
Property payments	0.7	56.4	0.4	1.2	22.6%	0.3%	1.3	1.3	1.4	4.8%	-
Travel and subsistence	18.3	41.2	48.0	48.9	38.8%	0.9%	45.0	46.8	49.2	0.2%	1.5%
Interest and rent on land	4.0	1.3	-	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>2 577.6</b>	<b>2 688.8</b>	<b>2 605.2</b>	<b>855.1</b>	<b>-30.8%</b>	<b>49.8%</b>	<b>859.2</b>	<b>900.0</b>	<b>897.5</b>	<b>1.6%</b>	<b>27.9%</b>
Provinces and municipalities	1 865.2	1 803.2	1 798.2	0.0	-98.0%	31.2%	0.0	0.0	0.0	4.3%	-
Departmental agencies and accounts	709.1	732.2	750.4	800.9	4.1%	17.1%	800.8	841.4	888.7	3.5%	26.4%
Public corporations and private enterprises	-	150.0	50.8	50.0	-	1.4%	50.0	50.0	-	-100.0%	1.2%
Households	3.2	3.3	5.8	4.1	8.6%	0.1%	4.3	4.5	4.7	29.1%	0.2%
<b>Payments for capital assets</b>	<b>1 313.0</b>	<b>1 047.5</b>	<b>737.5</b>	<b>735.5</b>	<b>-17.6%</b>	<b>21.9%</b>	<b>567.7</b>	<b>905.3</b>	<b>950.7</b>	<b>8.9%</b>	<b>25.1%</b>
Buildings and other fixed structures	1 255.9	1 011.4	713.0	676.2	-18.6%	20.9%	510.4	844.0	885.2	9.4%	23.1%
Machinery and equipment	57.1	36.0	24.2	58.9	1.1%	1.0%	57.2	61.1	65.3	3.5%	1.9%
Software and other intangible assets	0.1	0.1	0.3	0.4	59.5%	-	0.2	0.2	0.2	-22.3%	-
<b>Payments for financial assets</b>	<b>54.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4 968.5</b>	<b>5 001.7</b>	<b>4 563.5</b>	<b>2 981.8</b>	<b>-15.7%</b>	<b>100.0%</b>	<b>2 861.4</b>	<b>3 308.1</b>	<b>3 450.0</b>	<b>5.0%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>75.1%</b>	<b>70.8%</b>	<b>63.3%</b>	<b>48.3%</b>			<b>46.7%</b>	<b>50.5%</b>	<b>48.3%</b>		

### Details of selected transfers and subsidies

<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>3.2</b>	<b>3.3</b>	<b>5.8</b>	<b>4.1</b>	<b>8.6%</b>	<b>0.1%</b>	<b>4.3</b>	<b>4.5</b>	<b>4.7</b>	<b>4.8%</b>	<b>0.1%</b>
Employee social benefits	3.2	3.3	5.8	4.1	8.6%	0.1%	4.3	4.5	4.7	4.8%	0.1%
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.0</b>	<b>4.1</b>	<b>4.1</b>	<b>-</b>	<b>0.1%</b>
Bursaries for non-employees	-	-	-	-	-	-	4.0	4.1	4.1	-	0.1%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>709.1</b>	<b>732.2</b>	<b>750.4</b>	<b>800.9</b>	<b>4.1%</b>	<b>17.1%</b>	<b>800.8</b>	<b>841.4</b>	<b>888.7</b>	<b>3.5%</b>	<b>26.4%</b>
Construction Industry Development Board	63.7	66.0	67.6	72.4	4.4%	1.5%	77.2	81.4	85.7	5.8%	2.5%
Council for the Built Environment	25.5	28.7	28.1	38.0	14.1%	0.7%	41.6	44.3	46.6	7.1%	1.4%
Parliamentary Villages Management Board	7.0	7.4	7.8	8.2	5.5%	0.2%	8.7	9.1	9.6	5.3%	0.3%
Property Management Trading Entity	613.0	630.2	646.8	682.4	3.6%	14.7%	673.4	706.6	746.7	3.0%	22.3%

**Table 7.7 Immovable Asset Management**

Details of selected transfers and subsidies										Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)		
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	-	150.0	50.8	50.0	-	1.4%	50.0	50.0	-	-100.0%	1.2%
Independent Development Trust	-	150.0	50.8	50.0	-	1.4%	50.0	50.0	-	-100.0%	1.2%
Provinces and municipalities											
Provinces											
Provincial Revenue Funds											
Current	1 865.2	1 803.2	1 798.2	-	-100.0%	31.2%	-	-	-	-	-
Devolution of property rate funds grant	1 865.2	1 803.2	1 798.2	-	-100.0%	31.2%	-	-	-	-	-

## Personnel information

**Table 7.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
Immovable Asset Management		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
Salary level	5 169	294	4 640	1 046.8	0.2	4 721	1 124.3	0.2	4 886	1 232.6	0.3	4 891	1 290.1	0.3	4 930	1 377.4	0.3	1.5%	100.0%
1 – 6	3 036	134	2 761	379.7	0.1	2 839	415.4	0.1	2 866	440.1	0.2	2 870	457.5	0.2	2 870	474.8	0.2	0.4%	58.9%
7 – 10	1 488	122	1 509	445.4	0.3	1 515	476.2	0.3	1 653	544.9	0.3	1 653	570.5	0.3	1 653	596.7	0.4	2.9%	33.3%
11 – 12	565	35	295	158.2	0.5	298	169.9	0.6	298	180.8	0.6	298	190.6	0.6	328	221.6	0.7	3.2%	6.3%
13 – 16	80	3	75	63.5	0.8	69	62.7	0.9	69	66.7	1.0	70	71.5	1.0	79	84.3	1.1	4.6%	1.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on funding the acquisition and construction of infrastructure for the department, the dolomite and prestige portfolios, and border control operations. This spending is reflected in the *Operation Management and Infrastructure (Public Works)* subprogrammes. The latter subprogramme is discussed in further detail in the section that follows.

The decrease in transfers and subsidies over the medium term is due to the discontinuation of the devolution of the property rates fund grant to provinces as the allocated funding for property rates was phased into the equitable share in 2013/14. Before this arrangement came into effect, spending on transfers and subsidies increased due to additional allocations to fund increased spending on property rates, particularly those paid by provinces. Spending in the *Operation Management* subprogramme over the medium will be mainly on compensation of employees for building and maintaining the capacity required to acquire and build infrastructure for the department and client departments. At the end of November 2013, the programme had a funded establishment of 5 169, of which 4 721 were filled and 448 posts were vacant. These vacancies are the result of natural attrition and the length of time it takes to finalise recruitment processes. The programme's establishment is expected to increase to 4 930 posts in 2016/17, as part of the drive to improve service delivery.

### Subprogramme: Infrastructure (Public Works)

This subprogramme funds the acquisition of infrastructure for the department, the prestige portfolio and the infrastructure component of the mandate of the border control operational coordinating committee. In 2013/14, R476 million was spent on constructing, upgrading and refurbishing residential accommodation.

## Expenditure estimates

**Table 7.9 Infrastructure (Public Works)**

Economic classification	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Payments for capital assets</b>	<b>1 255.9</b>	<b>1 011.4</b>	<b>713.0</b>	<b>676.2</b>	<b>-18.6%</b>	<b>100.0%</b>	<b>510.4</b>	<b>844.0</b>	<b>885.2</b>	<b>9.4%</b>	<b>100.0%</b>
Buildings and other fixed structures	1 255.9	1 011.4	713.0	676.2	-18.6%	100.0%	510.4	844.0	885.2	9.4%	100.0%
<b>Total</b>	<b>1 255.9</b>	<b>1 011.4</b>	<b>713.0</b>	<b>676.2</b>	<b>-18.6%</b>	<b>100.0%</b>	<b>510.4</b>	<b>844.0</b>	<b>885.2</b>	<b>9.4%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>25.3%</b>	<b>20.2%</b>	<b>15.6%</b>	<b>22.7%</b>			<b>17.8%</b>	<b>25.5%</b>	<b>25.7%</b>		

## Expenditure trends

The spending focus over the medium term is on the acquisition of infrastructure for the department, the prestige portfolio and the infrastructure component of the mandate of the border control operational coordinating committee. Over the medium term, the department will spend R306 million on dolomite projects; R30 million on accessibility projects; R795 million on land ports of entry for border control operational coordinating committee projects; R346 million on prestige management; R448 million on departmental projects and R314 million on projects facilitating inner city regeneration around the Tshwane area, as accommodation needs of national government departments are addressed. Over the medium term, these projects take up all the subprogramme's allocation, which is expected to increase at an average annual rate of 9.4 per cent over the MTEF period to provide for inflation related adjustments and project cost escalations.

The decrease in expenditure between 2011/12 and 2012/13 was due to the non-completion of various projects that were scheduled for completion in those years, due to delays in the appointment of contractors. Cabinet approved reductions are therefore to be effected as a result of the continual underspending and the rescheduling of projects in the past. To give effect to the reductions, the spending in the subprogramme has been reduced by R220 million in 2014/15, R180 million in 2015/16 and R250 million in 2016/17. However, concrete outputs in 2012/13 include the refurbishing of 11 buildings to make them more accessible to disabled people, and the rehabilitation of 6 buildings.

## Programme 3: Expanded Public Works Programme

### Objectives

- Create 1 075 189 work opportunities (434 649 full time equivalents) through the expanded public works programme by upscaling the programme and improving coordination and performance in all 4 participating sectors in 2014/15.
- Ensure that employees from designated groups are participating in the expanded public works programme by confirming that 55 per cent of the participants are women, of which 55 per cent are youth and 2 per cent are people with disabilities, in 2014/15.
- Advance the monitoring of the expanded public works programme in municipalities by increasing the number of public bodies reporting on the implementation of the expanded public works programme from 255 in 2013/14 to 260 in 2014/15.
- Increase participation in the expanded public works programme by ensuring that at least 3 500 youth are involved in the national youth service programme in 2014/15.

### Subprogrammes

- *Expanded Public Works Programme* is discussed in more detail below.
- *Performance Based Incentive Allocations* disburses funds to provinces, municipalities and non-governmental organisations based on set job creation targets to ensure the creation of work opportunities in the infrastructure, environment and culture, social and non-state sectors. Projects include municipal and provincial expanded public works programme projects for collecting refuse, beach cleaning, clearing alien vegetation, pothole or road mending, and painting government buildings. Overall, the expanded public works

programme created 3 054 027 work opportunities in phase 2 between 2009/10 and 2012/13. This is 68 per cent of the 5-year target of 4 500 000 work opportunities. 1 230 000 work opportunities were created in 2013/14.

## Expenditure estimates

**Table 7.10 Expanded Public Works Programme**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Expanded Public Works Programme	206.0	209.7	236.8	273.8	10.0%	16.2%	261.5	267.7	290.6	2.0%	13.2%
Performance Based Incentive Allocations	709.0	953.3	1 467.3	1 674.2	33.2%	83.8%	1 689.8	1 739.2	2 104.6	7.9%	86.8%
<b>Total</b>	<b>914.9</b>	<b>1 163.0</b>	<b>1 704.1</b>	<b>1 948.0</b>	<b>28.6%</b>	<b>100.0%</b>	<b>1 951.3</b>	<b>2 006.8</b>	<b>2 395.2</b>	<b>7.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			(125.2)	(148.9)	123.6		

### Economic classification

<b>Current payments</b>	<b>212.9</b>	<b>216.3</b>	<b>244.4</b>	<b>281.1</b>	<b>9.7%</b>	<b>16.7%</b>	<b>269.4</b>	<b>275.9</b>	<b>299.3</b>	<b>2.1%</b>	<b>13.6%</b>
Compensation of employees	64.1	91.9	100.9	111.0	20.1%	6.4%	133.2	141.9	150.9	10.8%	6.5%
Goods and services	144.4	124.3	143.5	170.1	5.6%	10.2%	136.2	134.0	148.4	-4.5%	7.1%
<i>of which:</i>											
Agency and support / outsourced services	13.4	45.7	64.3	80.0	81.4%	3.5%	52.0	50.4	56.6	-10.9%	2.9%
Operating leases	1.3	0.9	0.3	0.5	-24.5%	0.1%	0.5	0.6	0.6	2.7%	-
Travel and subsistence	14.1	26.8	21.9	20.9	14.1%	1.5%	23.1	24.1	25.5	6.8%	1.1%
Interest and rent on land	4.5	0.1	-	-	-100.0%	0.1%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>698.6</b>	<b>944.1</b>	<b>1 454.6</b>	<b>1 664.2</b>	<b>33.6%</b>	<b>83.1%</b>	<b>1 679.1</b>	<b>1 728.0</b>	<b>2 092.9</b>	<b>7.9%</b>	<b>86.3%</b>
Provinces and municipalities	518.7	789.7	1 171.8	1 225.8	33.2%	64.7%	1 201.5	1 243.1	1 492.5	6.8%	62.2%
Public corporations and private enterprises	0.1	-	-	0.0	-30.0%	-	-	-	-	-100.0%	-
Non-profit institutions	179.8	154.4	282.7	438.3	34.6%	18.4%	477.5	484.8	600.3	11.1%	24.1%
Households	0.0	0.0	0.1	0.2	138.9%	-	0.2	0.2	0.2	2.2%	-
<b>Payments for capital assets</b>	<b>3.5</b>	<b>2.6</b>	<b>1.9</b>	<b>2.6</b>	<b>-8.8%</b>	<b>0.2%</b>	<b>2.8</b>	<b>2.9</b>	<b>3.1</b>	<b>5.3%</b>	<b>0.1%</b>
Machinery and equipment	3.0	2.6	1.9	2.6	-4.0%	0.2%	2.8	2.9	3.1	5.3%	0.1%
Software and other intangible assets	0.5	-	-	-	-100.0%	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>3.2</b>	<b>-</b>	<b>-</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>914.9</b>	<b>1 163.0</b>	<b>1 704.1</b>	<b>1 948.0</b>	<b>28.6%</b>	<b>100.0%</b>	<b>1 951.3</b>	<b>2 006.8</b>	<b>2 395.2</b>	<b>7.1%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>13.8%</b>	<b>16.5%</b>	<b>23.7%</b>	<b>31.5%</b>			<b>31.9%</b>	<b>30.7%</b>	<b>33.6%</b>		

### Details of selected transfers and subsidies

<b>Provinces and municipalities</b>											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	<b>279.6</b>	<b>363.9</b>	<b>661.5</b>	<b>611.3</b>	<b>29.8%</b>	<b>33.4%</b>	<b>594.6</b>	<b>619.0</b>	<b>706.0</b>	<b>4.9%</b>	<b>30.5%</b>
Expanded public works programme integrated grant for municipalities	279.6	363.9	661.5	611.3	29.8%	33.4%	594.6	619.0	706.0	4.9%	30.5%
<b>Non-profit institutions</b>											
<b>Current</b>	<b>179.8</b>	<b>154.4</b>	<b>282.7</b>	<b>438.3</b>	<b>34.6%</b>	<b>18.4%</b>	<b>477.5</b>	<b>484.8</b>	<b>600.3</b>	<b>11.1%</b>	<b>24.1%</b>
Non-state sector	179.8	154.4	282.7	438.3	34.6%	18.4%	477.5	484.8	600.3	11.1%	24.1%
<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Current</b>	<b>239.0</b>	<b>425.8</b>	<b>510.2</b>	<b>614.5</b>	<b>37.0%</b>	<b>31.2%</b>	<b>606.9</b>	<b>624.1</b>	<b>786.5</b>	<b>8.6%</b>	<b>31.7%</b>
Expanded public works programme integrated grant for provinces	182.4	225.5	292.8	356.9	25.1%	18.5%	348.9	356.6	411.8	4.9%	17.8%
Social sector expanded public works programme incentive grant for provinces	56.6	200.4	217.4	257.6	65.7%	12.8%	258.0	267.5	374.7	13.3%	13.9%

## Personnel information

**Table 7.11 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014			Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
Number of funded posts	Number of posts additional to the establishment	Expanded Public Works Programme	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
			2012/13			2013/14			2014/15			2015/16			2016/17				
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
282	7		241	100.9	0.4	242	111.0	0.5	276	133.2	0.5	279	141.9	0.5	282	150.9	0.5	5.2%	100.0%
1 – 6	31	5	31	3.6	0.1	30	4.9	0.2	32	5.4	0.2	31	5.5	0.2	31	6.4	0.2	1.1%	11.5%
7 – 10	97	–	82	23.1	0.3	81	23.9	0.3	92	28.7	0.3	94	30.7	0.3	97	33.4	0.3	6.2%	33.7%
11 – 12	121	1	99	50.5	0.5	98	53.7	0.5	119	68.8	0.6	121	73.7	0.6	121	77.6	0.6	7.3%	42.5%
13 – 16	33	1	29	23.7	0.8	33	28.5	0.9	33	30.3	0.9	33	32.0	1.0	33	33.7	1.0	–	12.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on creating work opportunities and providing training for unskilled, marginalised and unemployed people in South Africa. This entails improving the coordination and performance of the expanded public works programme, which is discussed in further detail in the section that follows.

The rest of the programme's budget over the seven-year period goes towards the payment of performance based incentives to eligible provinces, municipalities and non-profit organisations, in order to increase job creation efforts in expanded public works programme projects. The increase in spending between 2010/11 and 2013/14 was due to the allocation of additional funding for performance incentives in support of the introduction of phase 2 of the expanded public works programme. Approximately 4.5 million work opportunities were created over this period, in line with the business plan for phase 2 of the programme. Anticipated spending increases in this programme over the MTEF period are due to the provision of funding to the non-state sector as a subsidy for the creation of additional work opportunities. Phase 3 of the programme will continue to see increased spending on transfers and subsidies over the medium term and aims to create 3.4 million work opportunities, which are equal to 1.5 million full time equivalents.

To give effect to Cabinet approved budget reductions, spending on the integrated grants for provinces and municipalities will be reduced as follows: R37.8 million in 2014/15 and R42 million in 2015/16 on the expanded public works programme incentive grant for municipalities; and R22 million in 2014/15 and R25 million in 2015/16 on the expanded public works programme incentive grant for provinces. In 2016/17, expenditure on performance based incentive allocations is expected to increase, due to an additional allocation of R159 million for incentives. Of this, R10 million is for the expanded public works programme integrated grant for municipalities, R10 million for the expanded public works programme integrated grant for provinces, R74 million for the social sector expanded public works programme incentive grant for provinces and R65 million for the non-state sector.

## Subprogramme: Expanded Public Works Programme

This subprogramme finances the national expanded public works programme, which promotes the use of government expenditure to create additional employment opportunities through labour intensive delivery methods and additional employment and skills programmes for the unemployed. Between 2009/10 and 2013/14, the programme aimed to coordinate the creation of 4.5 million work opportunities for unemployed people through labour intensive methods. In 2013/14, 1 230 000 work opportunities were created. Over the medium term, the expanded public works programme projects are expected to create 10 800 work opportunities through the national youth service programme, 900 non-profit organisations are to be contracted to participate, 9 000 beneficiaries will be trained through the National Skills Fund, and 663 000 municipal work opportunities will be created.

## Expenditure estimates

**Table 7.12 Expanded Public Works Programme**

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
	R million										
<b>Current payments</b>	<b>202.4</b>	<b>207.1</b>	<b>234.8</b>	<b>271.0</b>	<b>10.2%</b>	<b>98.8%</b>	<b>258.6</b>	<b>264.6</b>	<b>287.4</b>	<b>2.0%</b>	<b>98.9%</b>
Compensation of employees	64.1	91.9	100.9	111.0	20.1%	39.7%	133.2	141.9	150.9	10.8%	49.1%
Goods and services	133.8	115.1	133.9	160.0	6.1%	58.6%	125.4	122.7	136.5	-5.2%	49.8%
Interest and rent on land	4.5	0.1	–	–	-100.0%	0.5%	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>	<b>27.7%</b>	<b>–</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>-2.9%</b>	<b>0.1%</b>
Public corporations and private enterprises	0.1	–	–	0.0	-30.0%	–	–	–	–	-100.0%	–
Households	0.0	0.0	0.1	0.2	138.9%	–	0.2	0.2	0.2	2.2%	0.1%
<b>Payments for capital assets</b>	<b>3.5</b>	<b>2.6</b>	<b>1.9</b>	<b>2.6</b>	<b>-8.8%</b>	<b>1.1%</b>	<b>2.8</b>	<b>2.9</b>	<b>3.1</b>	<b>5.3%</b>	<b>1.0%</b>
Machinery and equipment	3.0	2.6	1.9	2.6	-4.0%	1.1%	2.8	2.9	3.1	5.3%	1.0%
Software and other intangible assets	0.5	–	–	–	-100.0%	0.1%	–	–	–	–	–
<b>Total</b>	<b>206.0</b>	<b>209.7</b>	<b>236.8</b>	<b>273.8</b>	<b>10.0%</b>	<b>100.0%</b>	<b>261.5</b>	<b>267.7</b>	<b>290.6</b>	<b>2.0%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>22.5%</b>	<b>18.0%</b>	<b>13.9%</b>	<b>14.1%</b>			<b>13.4%</b>	<b>13.3%</b>	<b>12.1%</b>		

## Personnel information

**Table 7.13 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
<b>Expanded Public Works Programme</b>	<b>282</b>	<b>7</b>	<b>241</b>	<b>100.90</b>	<b>0.42</b>	<b>242</b>	<b>111.00</b>	<b>0.46</b>	<b>276</b>	<b>133.23</b>	<b>0.48</b>	<b>279</b>	<b>141.88</b>	<b>0.51</b>	<b>282</b>	<b>150.92</b>	<b>0.54</b>	<b>5.2%</b>	<b>100.0%</b>
1 – 6	31	5	31	3.63	0.12	30	4.90	0.16	32	5.43	0.17	31	5.47	0.18	31	6.35	0.20	1.1%	11.5%
7 – 10	97	–	82	23.10	0.28	81	23.87	0.29	92	28.72	0.31	94	30.73	0.33	97	33.35	0.34	6.2%	33.7%
11 – 12	121	1	99	50.51	0.51	98	53.73	0.55	119	68.77	0.58	121	73.72	0.61	121	77.56	0.64	7.3%	42.5%
13 – 16	33	1	29	23.67	0.82	33	28.50	0.86	33	30.32	0.92	33	31.97	0.97	33	33.65	1.02	–	12.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on coordinating, monitoring and evaluating the creation of work opportunities and income support through the expanded public works programme. Expenditure will be specifically on administrative costs related to the expanded public works programme, such as compensation of employees and related goods and services, particularly consultants and agency and outsourced services.

The subprogramme has a funded establishment of 282, of which 242 were filled and 40 posts were vacant at the end of November 2013. These vacancies are the result of natural attrition and the length of time it takes to finalise recruitment processes. The programme's establishment is expected to increase to 282 posts in 2016/17 as the department progressively uses more of its own personnel than consultants. Expenditure on compensation of employees is therefore projected to increase by 10.8 per cent over the medium term.

Spending on consultants, agency and outsourced services increased between 2010/11 and 2013/14 due to the appointment of service providers to provide technical support to provinces and municipalities for the design of infrastructure projects and reporting on them. This was done to allow the implementation of the expanded public works programme projects by participating provinces and municipalities. Over the MTEF period, expenditure on consultancy, agency and outsourced services is expected to decrease as capacity is built in provinces and municipalities to enable them to improve on their job creation initiatives.

## Programme 4: Property and Construction Industry Policy Regulations

### Objectives

- Regulate the construction and property industries by developing, reviewing and tabling the Agrément South Africa Bill, amendments to the Built Environment Professions Bill and the draft bill on the future of the Independent Development Trust in Parliament for approval by February 2015.
- Promote uniformity and best practice in construction and immovable asset management in the public sector through the development of policies, legislation and best practice standards, such as the guidelines for immovable asset performance assessments, the guidelines for immovable asset condition assessment guideline for specialised buildings, and the Expropriation Act, by March 2015.

### Subprogrammes

- *Construction Industry Development Programme* creates an enabling environment for transforming the construction and development industry by developing appropriate legislation and implementing monitoring mechanisms for the sector. The subprogramme aims to ensure the transformation and regulation of the construction and property industries to ensure economic growth and development. In 2013/14, the Agrément South Africa Bill was gazetted for public comment. Over the medium term, the Agrément South Africa Bill and amendments to the Built Environment Professions Bill will be tabled in Parliament. This subprogramme had a staff complement of 13 in 2013/14.
- *Property Industry Development Programme* provides leadership and guidance on the transformation of the property industry, and promotes uniformity and best practice on immovable asset management in the public sector through policy development; sets best practice standards for compiling and maintaining immovable asset registers; and administers rights over state and private land through its guidelines. This subprogramme aims to ensure effective and efficient strategic leadership in immovable asset management and in the delivery of infrastructure programmes through the development of guidelines on immovable asset performance assessments and immovable asset condition assessments. This subprogramme had a staff complement of 10 in 2013/14.

### Expenditure estimates

**Table 7.14 Property and Construction Industry Policy Regulation**

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Construction Industry Development Programme	16.0	21.5	18.0	19.9	7.7%	59.9%	23.5	24.6	26.0	9.3%	56.2%
Property Industry Development Programme	12.0	12.9	8.9	16.7	11.6%	40.1%	18.0	18.8	19.9	5.9%	43.8%
<b>Total</b>	<b>28.0</b>	<b>34.4</b>	<b>26.9</b>	<b>36.7</b>	<b>9.4%</b>	<b>100.0%</b>	<b>41.5</b>	<b>43.4</b>	<b>45.9</b>	<b>7.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(2.5)			-	-	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>18.8</b>	<b>22.7</b>	<b>16.9</b>	<b>36.4</b>	<b>24.5%</b>	<b>75.2%</b>	<b>41.1</b>	<b>43.0</b>	<b>45.5</b>	<b>7.8%</b>	<b>99.2%</b>
Compensation of employees	6.4	7.9	7.9	10.8	18.9%	26.3%	14.1	14.8	15.5	12.9%	33.0%
Goods and services	12.4	14.8	8.9	25.5	27.4%	48.9%	27.0	28.3	30.0	5.5%	66.2%
of which:											
Agency and support / outsourced services	-	1.2	-	11.2	-	9.9%	11.9	12.4	13.1	5.4%	29.0%
Operating leases	0.2	0.1	0.0	0.2	4.9%	0.4%	0.2	0.2	0.2	-2.7%	0.4%
Travel and subsistence	0.1	1.1	0.3	1.9	236.4%	2.7%	2.1	2.2	2.3	5.6%	5.1%
<b>Transfers and subsidies</b>	<b>9.0</b>	<b>9.5</b>	<b>9.9</b>	<b>0.2</b>	<b>-71.9%</b>	<b>22.7%</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>-</b>	<b>0.5%</b>
Non-profit institutions	9.0	9.4	9.9	-	-100.0%	22.5%	-	-	-	-	-
Households	-	0.1	0.0	0.2	-	0.2%	0.2	0.2	0.2	-	0.5%

**Table 7.14 Property and Construction Industry Policy Regulation**

Economic classification	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
Payments for capital assets	0.2	0.1	0.1	0.1	0.1	-18.2%	0.4%	0.1	0.1	0.1	5.6%	0.3%
Machinery and equipment	0.2	0.1	0.1	0.1	0.1	-18.2%	0.4%	0.1	0.1	0.1	5.6%	0.3%
Payments for financial assets	-	2.0	-	-	-	-	1.6%	-	-	-	-	-
<b>Total</b>	<b>28.0</b>	<b>34.4</b>	<b>26.9</b>	<b>36.7</b>	<b>36.7</b>	<b>9.4%</b>	<b>100.0%</b>	<b>41.5</b>	<b>43.4</b>	<b>45.9</b>	<b>7.7%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.4%	0.5%	0.4%	0.6%				0.7%	0.7%	0.6%		
<b>Details of selected transfers and subsidies</b>												
<b>Non-profit institutions</b>												
Current	9.0	9.4	9.9	-	-100.0%	22.5%		-	-	-	-	-
Agrément Board	9.0	9.4	9.9	-	-100.0%	22.5%		-	-	-	-	-

## Personnel information

**Table 7.15 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Property and Construction Industry Policy Regulation	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
Salary level	24	-	17	7.9	0.5	19	10.8	0.6	24	14.1	0.6	24	14.8	0.6	24	15.5	0.6	8.1%	100.0%
7 - 10	9	-	7	2.1	0.3	8	2.5	0.3	9	3.0	0.3	9	3.1	0.3	9	3.2	0.4	4.0%	38.5%
11 - 12	9	-	8	4.1	0.5	5	2.7	0.5	9	5.1	0.6	9	5.3	0.6	9	5.6	0.6	21.6%	35.2%
13 - 16	6	-	2	1.7	0.9	6	5.6	0.9	6	6.1	1.0	6	6.4	1.1	6	6.7	1.1	-	26.4%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on tabling the Expropriation Bill, which provides for the expropriation of property for a public purpose or in the public interest, subject to just and equitable compensation; and the Agrément South Africa Bill, which confers the appropriate legal status on Agrément South Africa. The focus will also be on promoting growth and transformation in the construction and property industries through the implementation of the construction and property charters.

Between 2010/11 and 2013/14, additional staff were appointed to oversee the development of lifecycle asset management policies and legal expertise was engaged to assist with the development of the Expropriation Bill and the Agrément South Africa Bill. This explains the significant growth over this period in expenditure on compensation of employees and goods and services, specifically travel and subsistence, agency support and outsourced services, professional services, and advertising. Over the medium term, the department will continue to use the services of consultants, specifically those with legal expertise, to finalise the two bills. This is expected to increase spending on consultants, agency support and outsourced services over the period. Personnel numbers over the medium term are projected to increase from 19 in 2013/14 to 24 in 2016/17 as more staff are employed to oversee these processes.

## Programme 5: Auxiliary and Associated Services

### Subprogrammes

- *Compensation for Losses* provides compensation for losses in the state housing guarantee scheme when public servants fail to fulfil their obligations.
- *Assistance to Organisations for Preservation of National Memorials* provides funding to the Commonwealth War Graves Commission and to the United Nations for maintaining national memorials.

- *State Functions* provides for the acquisition of logistical facilities for state functions, with the aim of ensuring effective and efficient delivery of infrastructure for all state function activities.
- *Sector Education and Training Authority* aims to influence training and skills development throughout the construction industry. In 2013/14, this subprogramme's total budget was transferred to the Construction Education and Training Authority.

## Expenditure estimates

**Table 7.16 Auxiliary and Associated Services**

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Compensation for Losses	0.3	–	–	0.3	2.3%	0.4%	0.4	0.5	0.6	25.4%	0.7%
Assistance to Organisations for Preservation of National Memorials	13.9	13.0	15.4	20.5	13.9%	40.9%	21.7	22.7	23.9	5.3%	35.2%
State Functions	8.8	12.0	36.6	27.1	45.5%	55.1%	67.7	28.5	30.0	3.4%	60.7%
Sector Education and Training Authority	1.2	0.3	1.3	2.8	31.8%	3.6%	1.9	1.9	2.1	-8.4%	3.5%
<b>Total</b>	<b>24.1</b>	<b>25.2</b>	<b>53.3</b>	<b>50.7</b>	<b>28.0%</b>	<b>100.0%</b>	<b>91.8</b>	<b>53.7</b>	<b>56.6</b>	<b>3.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				–			39.0	(1.1)	(1.1)		

### Economic classification

<b>Current payments</b>	<b>8.8</b>	<b>12.0</b>	<b>36.6</b>	<b>27.4</b>	<b>46.0%</b>	<b>55.3%</b>	<b>68.2</b>	<b>29.0</b>	<b>30.5</b>	<b>3.7%</b>	<b>61.4%</b>
Goods and services	8.8	12.0	36.6	27.4	46.0%	55.3%	68.2	29.0	30.5	3.7%	61.4%
<b>Transfers and subsidies</b>	<b>15.1</b>	<b>13.2</b>	<b>16.7</b>	<b>23.3</b>	<b>15.6%</b>	<b>44.5%</b>	<b>23.7</b>	<b>24.7</b>	<b>26.1</b>	<b>3.9%</b>	<b>38.6%</b>
Departmental agencies and accounts	1.2	0.3	1.3	2.8	31.8%	3.6%	1.9	1.9	2.1	-8.4%	3.5%
Foreign governments and international organisations	13.9	13.0	15.4	20.5	13.9%	40.9%	21.7	22.7	23.9	5.3%	35.2%
<b>Payments for financial assets</b>	<b>0.3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>0.2%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>24.1</b>	<b>25.2</b>	<b>53.3</b>	<b>50.7</b>	<b>28.0%</b>	<b>100.0%</b>	<b>91.8</b>	<b>53.7</b>	<b>56.6</b>	<b>3.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.7%</b>	<b>0.8%</b>			<b>1.5%</b>	<b>0.8%</b>	<b>0.8%</b>		

### Details of selected transfers and subsidies

<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>13.9</b>	<b>13.0</b>	<b>15.4</b>	<b>20.5</b>	<b>13.9%</b>	<b>40.9%</b>	<b>21.7</b>	<b>22.7</b>	<b>23.9</b>	<b>5.3%</b>	<b>35.2%</b>
Commonwealth War Graves Commission	13.9	13.0	15.4	20.5	13.9%	40.9%	21.7	22.7	23.9	5.3%	35.2%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>1.2</b>	<b>0.3</b>	<b>1.3</b>	<b>2.8</b>	<b>31.8%</b>	<b>3.6%</b>	<b>1.9</b>	<b>1.9</b>	<b>2.1</b>	<b>-8.4%</b>	<b>3.5%</b>
Construction Education and Training Authority	1.2	0.3	1.3	2.8	31.8%	3.6%	1.9	1.9	2.1	-8.4%	3.5%

## Expenditure trends

The spending focus over the medium term will be on providing assistance to the Commonwealth War Graves Commission and the United Nations for the preservation of national memorials, and on the preparation of facilities for state functions. The bulk of spending in this programme goes towards goods and services for state functions, and transfers and subsidies for the *Assistance to Organisations for Preservation of National Memorials* subprogramme. Between 2010/11 and 2013/14, expenditure on contractors increased significantly due to additional allocations for state functions, including state funerals. In 2014/15, expenditure for state functions is expected to increase by 149.8 per cent, mainly to provide for the presidential inauguration ceremony in 2014. This will also lead to increased spending on contractors, who will be responsible for erecting marquees; organising the stage, podium and seating arrangements; and providing cleaning services. Spending on contractors will thus account for 60.7 per cent of the programme's expenditure over the medium term.

## Public entities and other agencies

### Property management trading entity

#### Mandate and goals

The property management trading entity was established following the decision in 2006 that accommodation related costs be devolved from the Department of Public Works to client departments. The budget devolution was aimed at ensuring the long term sustainability of the department and its immovable assets, and ensuring compliance with the Public Finance Management Act (1999), specifically the requirement that the full cost of a service be reflected on each of the departments' budgets. On a cost recovery basis, the entity finances the purchase, construction, refurbishment and maintenance of nationally owned government properties. The entity also pays for municipal services on behalf of national departments on a commission basis.

The entity's strategic goals over the medium term are to improve internal financial management practices by re-evaluating its current policies and procedures, and to implement an adequate IT system to support operations.

#### Selected performance indicators

**Table 7.16 Property Management Trading Entity**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue collected per year	All	Entity mandate	R4.9bn	R8.8bn	R8.3bn	R10.3bn	R11.3bn	R12.2bn	R13.3bn
Average number of days to collect revenue	All	Entity mandate	60	60	60	60	60	60	60
Amount invoiced outstanding at the end of the year	All	Entity mandate	R100m	R1.2bn	R1.4bn	R900m	R600m	R650m	R700m

#### Programmes/activities/objectives

**Table 7.17 Property management trading entity**

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	17.8	15.3	22.7	12.3	-11.6%	0.2%	4.2	4.2	3.2	-36.3%	0.1%
Maintenance and repair of buildings	878.1	3 615.0	3 218.6	2 394.9	39.7%	29.9%	2 579.8	2 624.0	3 101.9	9.0%	34.7%
Operating leases	3 212.8	3 318.5	3 345.7	3 271.1	0.6%	44.6%	3 532.8	3 815.4	4 120.6	8.0%	47.8%
Property rates	584.8	696.8	484.1	1 046.7	21.4%	9.6%	975.0	1 072.5	1 179.8	4.1%	13.9%
Cleaning and gardening services	169.5	141.0	170.2	245.0	13.1%	2.5%	258.5	272.4	287.1	5.4%	3.5%
Construction	-	3 018.4	2 351.3	-	-	13.1%	-	-	-	-	-
<b>Total expense</b>	<b>4 863.1</b>	<b>10 805.2</b>	<b>9 592.6</b>	<b>6 969.9</b>	<b>12.7%</b>	<b>100.0%</b>	<b>7 350.2</b>	<b>7 788.6</b>	<b>8 692.6</b>	<b>7.6%</b>	<b>100.0%</b>

#### Expenditure estimates

**Table 17.18 Property management trading entity**

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>4 438.7</b>	<b>9 437.1</b>	<b>9 099.2</b>	<b>10 506.0</b>	33.3%	92.2%	<b>11 209.7</b>	<b>12 139.1</b>	<b>13 310.3</b>	8.2%	94.4%
Sale of goods and services other than capital assets	4 427.2	9 374.6	9 017.2	10 484.4	33.3%	91.7%	11 187.4	12 115.9	13 286.1	8.2%	94.2%
<i>of which:</i>											
<i>Sales by market establishment</i>	3 419.6	6 106.1	5 599.2	6 736.6	25.4%	61.5%	7 180.8	7 656.1	8 164.5	6.6%	59.6%
<i>Other sales</i>	1 007.7	3 268.4	3 418.0	3 747.9	54.9%	30.2%	4 006.6	4 459.8	5 121.5	11.0%	34.6%
Other non-tax revenue	11.5	62.5	82.1	21.6	23.5%	0.5%	22.3	23.2	24.3	4.0%	0.2%
<b>Transfers received</b>	<b>613.0</b>	<b>630.2</b>	<b>646.8</b>	<b>682.4</b>	3.6%	7.8%	<b>673.4</b>	<b>706.6</b>	<b>746.7</b>	3.0%	5.6%
<b>Total revenue</b>	<b>5 051.7</b>	<b>10 067.2</b>	<b>9 746.1</b>	<b>11 188.4</b>	<b>30.4%</b>	<b>100.0%</b>	<b>11 883.1</b>	<b>12 845.8</b>	<b>14 057.1</b>	<b>7.9%</b>	<b>100.0%</b>

Table 17.18 Property management trading entity

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
R million											
<b>Expenses</b>											
<b>Current expenses</b>	<b>4 280.0</b>	<b>10 108.9</b>	<b>9 108.8</b>	<b>5 923.3</b>	<b>11.4%</b>	<b>90.4%</b>	<b>6 375.2</b>	<b>6 716.0</b>	<b>7 512.9</b>	<b>8.2%</b>	<b>86.1%</b>
Compensation of employees	–	12.9	17.9	–	–	0.1%	–	–	–	–	–
Goods and services	4 267.5	10 081.1	9 074.7	5 907.8	11.5%	90.1%	6 358.6	6 698.3	7 493.9	8.2%	85.9%
Interest, dividends and rent on land	12.5	14.9	16.3	15.5	7.4%	0.2%	16.6	17.7	19.0	7.0%	0.2%
<b>Transfers and subsidies</b>	<b>583.1</b>	<b>696.3</b>	<b>483.8</b>	<b>1 046.7</b>	<b>21.5%</b>	<b>9.6%</b>	<b>975.0</b>	<b>1 072.5</b>	<b>1 179.8</b>	<b>4.1%</b>	<b>13.9%</b>
<b>Total expenses</b>	<b>4 863.1</b>	<b>10 805.2</b>	<b>9 592.6</b>	<b>6 969.9</b>	<b>12.7%</b>	<b>100.0%</b>	<b>7 350.2</b>	<b>7 788.6</b>	<b>8 692.6</b>	<b>7.6%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>189.0</b>	<b>(738.0)</b>	<b>153.0</b>	<b>4 218.0</b>	<b>181.5%</b>		<b>4 533.0</b>	<b>5 057.0</b>	<b>5 364.0</b>	<b>8.3%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	–	–	–	5 235.1	–	15.0%	6 050.0	7 060.0	8 070.0	15.5%	68.4%
<i>of which:</i>											
<i>Acquisition of assets</i>	–	–	–	4 218.5	–	12.1%	4 532.9	5 057.2	5 364.5	8.3%	49.9%
Investments	–	890.2	926.0	999.6	–	17.8%	1 096.2	1 207.9	1 328.9	10.0%	12.0%
Receivables and prepayments	3 935.4	1 925.5	2 357.0	2 472.8	-14.3%	67.1%	1 978.6	1 583.7	1 268.8	-19.9%	19.5%
Cash and cash equivalents	2.2	1.4	0.8	12.5	79.7%	0.1%	1.0	1.0	1.0	-56.9%	0.0%
<b>Total assets</b>	<b>3 937.6</b>	<b>2 817.1</b>	<b>3 283.9</b>	<b>8 720.0</b>	<b>30.3%</b>	<b>100.0%</b>	<b>9 125.8</b>	<b>9 852.6</b>	<b>10 668.7</b>	<b>7.0%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	128.1	(1 122.3)	(968.8)	4 408.6	225.2%	-3.9%	5 788.2	6 492.3	7 284.5	18.2%	62.0%
Borrowings	1 339.3	1 255.0	1 402.3	1 546.2	4.9%	34.7%	1 000.0	1 000.0	1 000.0	-13.5%	12.1%
Finance lease	–	890.2	926.0	919.5	–	17.6%	936.2	939.9	943.9	0.9%	9.8%
Trade and other payables	2 434.9	1 422.4	1 548.0	1 496.0	-15.0%	44.2%	1 000.0	1 000.0	1 000.0	-12.6%	11.9%
Provisions	35.3	35.5	35.8	23.5	-12.7%	0.9%	23.6	23.7	23.8	0.4%	0.2%
Derivatives financial instruments	–	336.3	340.6	326.2	–	6.5%	377.8	396.7	416.5	8.5%	4.0%
<b>Total equity and liabilities</b>	<b>3 937.6</b>	<b>2 817.1</b>	<b>3 283.9</b>	<b>8 720.0</b>	<b>30.3%</b>	<b>100.0%</b>	<b>9 125.8</b>	<b>9 852.6</b>	<b>10 668.7</b>	<b>7.0%</b>	<b>100.0%</b>

## Expenditure trends

The property management trading entity's revenue is generated mainly from management fees earned through administrative services provided on behalf of client departments. These include the payment of municipal charges on behalf of client departments at a management fee of 5 per cent, and the collection of rental income on both government owned buildings rented to client departments, and privately owned buildings rented on behalf of government departments from private landlords. Between 2010/11 and 2013/14, revenue increased significantly due to increases in accommodation charges and cost escalations from leases. Over the MTEF period, revenue is expected to increase to R14.1 billion in 2016/17 due to annual escalations in lease contracts, which range between 8 per cent and 10 per cent, and an inflationary increase in estimates for day-to-day maintenance. The entity's revenue between 2010/11 and 2013/14 and over the MTEF period grows at a rate higher than that of expenditure, which results in a surplus. The surplus will be used for the acquisition and maintenance of assets.

The spending focus over the medium term will be on the acquisition and maintenance of assets as well as the implementation of an improved invoicing system. This should lead to better revenue collection and therefore more funds being available for the implementation of capital projects. Other projects that are under way to improve revenue collection include a review of the entire lease portfolio and the physical verification of the immovable asset register to support the invoicing system. In support of these imperatives, spending grows by an average annual rate of 9 per cent in the maintenance and repair of buildings programme, mainly on goods and services, which grows by 8.2 per cent over the MTEF period.

As part of its acquisition and maintenance of assets function, the entity has, over the years, financed the refurbishment of the Civitas building, which is currently occupied by the Department of Health; acquired the Salvokop precinct in Tshwane for the construction of a number of buildings to be used as headquarters for a number of departments; and managed the repair and maintenance of infrastructure at various ports of entry across the country. The entity has managed the completion of several repair and renovation projects across the country, including major renovations at the Graaff Reinnet police college. Over the medium term, the entity will upgrade and complete the rehabilitation of the Agrivaal and 38 Church Square buildings in Pretoria. With the improved invoicing system and the upgrades, the accommodation charges on these buildings will generate more revenue for the entity.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more the detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- **The Construction Industry Development Board** provides leadership to stakeholders, stimulates the growth, reform and improvement of the construction sector, and enhances the industry's role in the South African economy. The board's total budget for 2014/15 is R128.5 million.
- **The Council for the Built Environment** oversees and regulates the 6 professional councils responsible for regulating built environment professionals such as architects, engineers, quantity surveyors, landscape architects, property valuers, and project and construction managers. The council's total budget for 2014/15 is R43.2 million.
- **The Independent Development Trust** has evolved from being a grant making organisation to being a responsive development agency with a well established footprint across South Africa. The trust's total budget for 2014/15 is R495.9 million.

**Additional table: Summary of expenditure on infrastructure**

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2013/14	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
<b>Departmental infrastructure</b>										
Inner city regeneration: Pretoria, Agrivaal building	Rehabilitation	Construction	615.7	18.4	8.8	69.4	-	-	-	-
Departmental: Various centres	Upgrading and construction of an estimated 95 departmental accommodation sites	Various	2 515.9	261.2	285.3	228.1	227.0	86.0	156.0	204.1
Dolomite: Various centres	Management of an estimated 37 dolomite risk areas	Various	1 050.3	11.9	32.2	32.4	54.0	17.0	141.0	148.5
Accessibility: Various centres	Upgrading of an estimated 119 disabled facilities	Various	71.7	19.0	11.4	5.0	25.0	11.4	9.0	9.5
Border control operational coordination committee: Various centres	Redevelopment of an estimated 110 border post centres	Various	3 650.9	372.0	274.6	233.9	202.2	233.0	285.0	277.2
Prestige: Various centres	Upgrading and construction of an estimated 60 prestige accommodation sites	Various	1 672.0	446.4	365.9	118.8	113.0	56.0	150.0	139.5
Inner city regeneration: Various centres	Development of an estimated 17 national government precincts	Various	716.3	127.0	33.3	25.4	55.0	107.0	101.0	106.4
<b>Total</b>			<b>10 292.7</b>	<b>1 255.9</b>	<b>1 011.4</b>	<b>713.0</b>	<b>676.2</b>	<b>510.4</b>	<b>844.0</b>	<b>885.2</b>



# Vote 8

## Women, Children and People with Disabilities

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	96.4	93.5	0.0	3.0	101.4	108.0
Women Empowerment and Gender Equality	92.6	24.9	67.2	0.5	97.3	102.5
Children's Rights and Responsibilities	12.3	12.1	–	0.2	13.7	14.4
Rights of People with Disabilities	17.2	16.8	–	0.4	17.8	18.7
<b>Total expenditure estimates</b>	<b>218.5</b>	<b>147.3</b>	<b>67.2</b>	<b>4.0</b>	<b>230.2</b>	<b>243.6</b>
Executive authority	Minister of Women, Children and People with Disabilities					
Accounting officer	Director General of Women, Children and People with Disabilities					
Website address	<a href="http://www.wcpd.gov.za">www.wcpd.gov.za</a>					

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Drive, accelerate and oversee government's equity, equality and empowerment agenda on women, children and people with disabilities, especially in poor and rural communities.*

### Mandate

The mandate of the Department of Women, Children and People with Disabilities is to promote, facilitate, coordinate and monitor the realisation of the rights of women, children and people with disabilities. The mandate is derived from elements of a range of legislation, including but not limited to the Promotion of Equality and Prevention of Unfair Discrimination Act (1996), the Children's Act (2005), and the Commission on Gender Equality Act (1996).

### Strategic goals

The department's strategic goals over the medium term are to:

- contribute to the socioeconomic and political empowerment of women, children and people with disabilities
- improve universal access to development opportunities for women, children and people with disabilities
- promote a society free of violence and abuse against women, children and people with disabilities
- provide effective and efficient good governance for the realisation of the department's mandate.

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide effective leadership, management and administrative support services to the department.

## Programme 2: Women Empowerment and Gender Equality

**Purpose:** Facilitate the translation of national and international instruments into empowerment and socioeconomic development programmes. Oversee and comprehensively report on the national realisation of women's rights and the progressive realisation of equality.

## Programme 3: Children's Rights and Responsibilities

**Purpose:** Ensure the alignment of the conceptual frameworks and strategies across the three spheres of government to advance delivery in line with constitutional and international instruments.

## Programme 4: Rights of People with Disabilities

**Purpose:** Facilitate the translation of national and international instruments into empowerment and socioeconomic development programmes. Oversee and comprehensively report on the national realisation of the rights of people with disabilities and the progressive realisation of equality.

## Selected performance indicators

**Table 8.1 Women, Children and People with Disabilities**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of reports submitted to Cabinet on mainstreaming, advocacy and monitoring of rights of women, children and people with disabilities per year	Women Empowerment and Gender Equality, Children's Rights and Responsibilities, and Rights of People with Disabilities		-1	3	7	4	5	6	6
Number of advocacy and mainstreaming programmes on the realisation of the rights of women, children and people with disabilities per year	Women Empowerment and Gender Equality, Children's Rights and Responsibilities, and Rights of People with Disabilities		-1	5	17	6	7	8	8
Number of awareness campaigns promoting the realisation and protection of the rights of women, children and people with disabilities per year	Women Empowerment and Gender Equality, Children's Rights and Responsibilities, and Rights of People with Disabilities	Outcome 2: A long and healthy life for all South Africans	-1	16	28	10	11	12	12
Number of programmes on access to development opportunities for vulnerable groups per year	Women Empowerment and Gender Equality, Children's Rights and Responsibilities, and Rights of People with Disabilities	Outcome 5: A skilled and capable workforce to support an inclusive growth path	-1	3	3	3	4	5	5
Number of reports submitted to international and regional bodies (i.e. United Nations, African Union and Southern African Development Community) per year	Women Empowerment and Gender Equality, Children's Rights and Responsibilities, and Rights of People with Disabilities	Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship	-1	6	8	4	4	4	4
Number of programmes on institutional support and capacity <sup>3</sup> building provided to government institutions per year	Women Empowerment and Gender Equality, Children's Rights and Responsibilities, and Rights of People with Disabilities		-2	-2	-2	-2	6	6	6

1. The department started measuring these indicators in 2011/12.

2. The department will start measuring this indicator in 2014/15.

3. The department supports and provides capacity building programmes such as training, workshops, and campaigns. It also develops frameworks and policies for institutions to understand their role in gender mainstreaming to ensure transformation towards full realisation of equality, particularly in the workplace, as well as the promotion and the realisation of the rights of children and people with disabilities.

## The national development plan

The national development plan proposes a range of measures to advance women's equality in employment, transformation of the economy, and in leadership in all sectors. The plan also considers the integration of disability into all facets of planning and for people with disability to have access to opportunities including employment and social amenities. Regarding children, the plan emphasises access to education, healthcare, and social protection.

In contributing to the plan over the medium term, the department aims to monitor, evaluate and report on progress regarding women's empowerment and gender equality, equal opportunities, children's rights and the rights of people with disabilities; and provide institutional support and capacity building on women's empowerment, gender equality and the rights of people with disabilities. The department will embark on key projects, such as the advocacy programme for the implementation of the 50/50 policy in key sectors. The policy requires that women are represented by at least 50 per cent of the total in leadership and decision-making structures. Other projects include the economic empowerment programme for women's access to financing for entrepreneurship, the mainstreaming of gender sensitivity, and the integration of women (including young women, disabled women and women in rural areas) in the socioeconomic development agenda of different sector policies such as mining, energy, infrastructure and trade.

Furthermore, the department will continue with and advance the implementation of the 365 Days national plan of action to fight gender based violence through an advocacy project that focuses on the prevention of gender based violence in its three tiers of focus (women, children and people with disabilities). In addition, throughout the year the department will continue with promoting Orange Day (part of the United Nations UNiTE campaign) and 16 Days of Activism for No Violence Against Women and Children campaigns to contribute to outcome 3 (all people in South Africa are and feel safe).

## Expenditure estimates

**Table 8.2 Women, Children and People with Disabilities**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
Administration	37.5	67.1	80.1	92.5	92.5	35.2%	42.4%	96.4	101.4	108.0	5.3%	44.7%
Women Empowerment and Gender Equality	60.8	77.2	77.6	82.6	82.6	10.8%	45.6%	92.3	97.3	102.5	7.4%	42.1%
Children's Rights and Responsibilities	8.7	12.0	9.2	9.4	9.4	2.4%	6.0%	11.6	13.7	14.4	15.4%	5.5%
Rights of People with Disabilities	2.9	9.6	13.0	13.8	13.8	67.9%	6.0%	18.4	17.8	18.7	10.7%	7.7%
<b>Total</b>	<b>109.9</b>	<b>165.9</b>	<b>179.9</b>	<b>198.3</b>	<b>198.3</b>	<b>21.7%</b>	<b>100.0%</b>	<b>218.5</b>	<b>230.2</b>	<b>243.6</b>	<b>7.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-	-			-	-	-		
<b>Economic classification</b>												
<b>Current payments</b>	<b>57.7</b>	<b>104.6</b>	<b>118.4</b>	<b>131.2</b>	<b>131.2</b>	<b>31.5%</b>	<b>63.0%</b>	<b>147.3</b>	<b>155.2</b>	<b>164.6</b>	<b>7.8%</b>	<b>67.2%</b>
Compensation of employees	22.7	47.8	61.0	78.7	78.7	51.2%	32.1%	84.6	89.3	95.2	6.6%	39.1%
Goods and services	35.0	56.8	57.5	52.6	52.6	14.6%	30.9%	62.6	65.9	69.4	9.7%	28.1%
of which:												
Audit cost: External	-	2.5	3.1	3.0	3.0		1.3%	3.8	4.0	4.2	12.2%	1.7%
Property payments	-	3.2	8.4	13.3	13.3		3.8%	14.0	14.7	15.4	5.2%	6.4%
Travel and subsistence	16.1	18.9	25.5	16.0	16.0	-0.1%	11.7%	21.5	23.3	24.7	15.6%	9.6%
Venues and facilities	4.5	2.6	4.1	3.4	3.4	-8.8%	2.2%	4.4	4.5	4.3	8.4%	1.9%
<b>Transfers and subsidies</b>	<b>52.0</b>	<b>55.3</b>	<b>59.3</b>	<b>63.5</b>	<b>63.5</b>	<b>6.9%</b>	<b>35.2%</b>	<b>67.2</b>	<b>70.8</b>	<b>74.5</b>	<b>5.5%</b>	<b>31.0%</b>
Provinces and municipalities	0.0	-	0.0	0.0	0.0	81.7%	0.0%	0.0	0.0	0.0	-45.0%	0.0%
Departmental agencies and accounts	51.9	55.2	59.1	63.1	63.1	6.7%	35.1%	67.2	70.8	74.5	5.7%	30.9%
Households	0.0	0.1	0.2	0.4	0.4	171.4%	0.1%	-	-	-	-100.0%	0.0%
<b>Payments for capital assets</b>	<b>0.2</b>	<b>6.0</b>	<b>2.2</b>	<b>3.6</b>	<b>3.6</b>	<b>145.9%</b>	<b>1.8%</b>	<b>4.0</b>	<b>4.2</b>	<b>4.5</b>	<b>7.6%</b>	<b>1.8%</b>
Machinery and equipment	0.2	6.0	2.2	3.6	3.6	145.9%	1.8%	4.0	4.2	4.5	7.6%	1.8%
<b>Total</b>	<b>109.9</b>	<b>165.9</b>	<b>179.9</b>	<b>198.3</b>	<b>198.3</b>	<b>21.7%</b>	<b>100.0%</b>	<b>218.5</b>	<b>230.2</b>	<b>243.6</b>	<b>7.1%</b>	<b>100.0%</b>

## Personnel information

**Table 8.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
Women, Children and People with Disabilities		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	147	19	118	61.0	0.5	161	78.7	0.5	161	84.6	0.5	161	89.3	0.6	159	95.2	0.6	-0.4%	100.0%
1 – 6	30	1	27	4.6	0.2	38	5.9	0.2	38	6.8	0.2	38	6.7	0.2	36	7.0	0.2	-1.8%	23.4%
7 – 10	41	6	38	12.5	0.3	46	12.8	0.3	46	12.8	0.3	46	14.3	0.3	45	15.3	0.3	-0.7%	28.5%
11 – 12	27	5	18	9.2	0.5	28	14.0	0.5	28	16.4	0.6	28	16.5	0.6	28	17.3	0.6	–	17.4%
13 – 16	49	7	35	34.6	1.0	49	45.9	0.9	49	48.6	1.0	49	51.9	1.1	50	55.6	1.1	0.7%	30.7%

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

2. Rand million.

## Expenditure trends

The department has two major spending priorities over the medium term: developing key sectoral policies on women's empowerment and gender equality; and improving and maintaining the department's administrative capacity.

In relation to gender equality in key sectors, the department submitted the Women Empowerment and Gender Equality Bill to Parliament in November 2013 and anticipates this to be passed and implemented over the medium term. The department allocates 42.1 per cent of its total budget over the medium term to the *Women Empowerment and Gender Equality* programme, which performs the functions related to women's empowerment and gender equality.

In relation to enhancing overall administrative capacity following instances of overspending in 2010/11 and 2011/12, the department resolved to develop its financial management capacity. This was also a significant component of the turnaround strategy, which the department has been implementing since 2012/13. The increase in spending on compensation of employees from 2012/13 onwards is primarily to provide for and maintain the additional financial management capacity, which explains the increase in spending in the *Administration* programme over the medium term, as well as the number of filled posts increasing to 159 over the period.

## Departmental receipts

**Table 8.4 Receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
<b>Departmental receipts</b>	2	9	12	14	14	91.3%	100.0%	13	15	17	6.7%	100.0%
<b>Sales of goods and services produced by department</b>	2	9	12	14	14	91.3%	100.0%	13	15	17	6.7%	100.0%
Administration fees	–	–	2	2	2	–	10.8%	–	–	–	-100.0%	3.4%
of which:												
Parking fees	–	–	2	2	2	–	10.8%	–	–	–	-100.0%	3.4%
Other sales	2	9	10	12	12	81.7%	89.2%	13	15	17	12.3%	96.6%
of which:												
Services rendered: Commission on insurance and garnishees	2	9	10	12	12	81.7%	89.2%	13	15	17	12.3%	96.6%
<b>Total</b>	<b>2</b>	<b>9</b>	<b>12</b>	<b>14</b>	<b>14</b>	<b>91.3%</b>	<b>100.0%</b>	<b>13</b>	<b>15</b>	<b>17</b>	<b>6.7%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 8.5 Administration

Subprogramme	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
Ministry	31.7	16.1	26.4	22.0	-11.4%	34.7%	23.1	24.7	26.0	5.6%	24.0%	
Management	0.6	13.4	13.1	17.9	215.8%	16.2%	20.1	20.0	21.0	5.5%	19.8%	
Corporate Services	0.4	31.5	32.2	39.3	346.9%	37.3%	39.2	42.2	45.6	5.1%	41.7%	
Office Accommodation	4.7	6.1	8.4	13.3	40.9%	11.7%	14.0	14.7	15.4	5.2%	14.4%	
<b>Total</b>	<b>37.5</b>	<b>67.1</b>	<b>80.1</b>	<b>92.5</b>	<b>35.2%</b>	<b>100.0%</b>	<b>96.4</b>	<b>101.4</b>	<b>108.0</b>	<b>5.3%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				0.9			(1.2)	(1.4)	-			
<b>Economic classification</b>												
<b>Current payments</b>	<b>37.2</b>	<b>61.0</b>	<b>78.1</b>	<b>89.4</b>	<b>33.9%</b>	<b>95.9%</b>	<b>93.4</b>	<b>98.4</b>	<b>104.7</b>	<b>5.4%</b>	<b>96.9%</b>	
Compensation of employees	16.8	29.8	43.5	56.7	50.1%	52.9%	59.5	62.8	67.4	5.9%	61.9%	
Goods and services	20.5	31.2	34.6	32.7	16.9%	42.9%	33.9	35.5	37.3	4.5%	35.0%	
of which:												
Audit cost: External	-	2.5	3.1	3.0	-	3.1%	3.8	4.0	4.2	12.2%	3.8%	
Property payments	-	3.0	8.4	13.3	-	8.9%	14.0	14.7	15.4	5.2%	14.4%	
Travel and subsistence	8.4	10.6	13.9	7.8	-2.2%	14.7%	6.6	7.6	8.1	1.1%	7.6%	
Venues and facilities	3.5	0.8	0.4	0.5	-46.3%	1.9%	0.4	0.4	0.4	-6.9%	0.4%	
Transfers and subsidies	0.0	0.1	0.1	0.4	168.4%	0.2%	0.0	0.0	0.0	-86.5%	0.1%	
Households	0.0	0.1	0.1	0.4	171.4%	0.2%	-	-	-	-100.0%	0.1%	
Payments for capital assets	0.2	6.0	1.9	2.7	137.9%	3.9%	3.0	3.1	3.3	6.1%	3.0%	
Machinery and equipment	0.2	6.0	1.9	2.7	137.9%	3.9%	3.0	3.1	3.3	6.1%	3.0%	
<b>Total</b>	<b>37.5</b>	<b>67.1</b>	<b>80.1</b>	<b>92.5</b>	<b>35.2%</b>	<b>100.0%</b>	<b>96.4</b>	<b>101.4</b>	<b>108.0</b>	<b>5.3%</b>	<b>100.0%</b>	
Proportion of total programme expenditure to vote expenditure	34.1%	40.5%	44.5%	46.6%			44.1%	44.1%	44.3%			

### Personnel information

Table 8.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost
<b>Administration</b>			<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>		
Salary level	110	16	85	43.5	0.5	117	56.7	0.5	117	59.5	0.5	117	62.8	0.5	115	67.4	0.6	-0.6%	100.0%
1-6	25	1	22	3.6	0.2	30	4.5	0.1	30	5.2	0.2	30	5.0	0.2	28	5.3	0.2	-2.3%	25.3%
7-10	32	6	29	11.0	0.4	35	9.9	0.3	35	9.9	0.3	35	10.9	0.3	34	11.8	0.3	-1.0%	29.8%
11-12	18	5	11	5.6	0.5	19	9.4	0.5	19	11.0	0.6	19	11.2	0.6	19	11.8	0.6	-	16.3%
13-16	35	4	23	23.3	1.0	33	32.9	1.0	33	33.4	1.0	33	35.7	1.1	34	38.5	1.1	1.0%	28.5%

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

2. Rand million.

### Expenditure trends

The spending focus over the medium term will be on maintaining and improving the department's administrative capacity, particularly the financial and supply chain management capacity. In response to the department's financial mismanagement and reported overspending in 2010/11 and 2011/12, this capacity building initiative became necessary as a part of the turnaround project requested by Parliament.

The efforts to strengthen the department's administrative capacity resulted in an increase in the number of filled posts from 27 in 2010/11 to 117 in 2013/14. This is particularly evident in the *Corporate Services*, *Ministry* and *Management* subprogrammes, which spend most of their budgets on compensation of employees.

The unqualified audit finding in 2012/13 reflects the success of the capacity building initiative, and the department has been able to keep its spending within its allocated budget since 2011/12. With these

improvements in place, the department expects that the increases in expenditure over the medium term will mostly provide for inflationary adjustments.

## **Programme 2: Women Empowerment and Gender Equality**

### **Objectives**

- Promote gender equality and the empowerment of women by:
  - facilitating empowerment in economic and political spheres, advocating the elimination of gender based violence and advancing the representation and meaningful participation of women in government programmes, on an ongoing basis
  - providing government institutions and the private sector with integrated training programmes, which support gender mainstreaming and transformation, on an ongoing basis.
- Monitor, evaluate and report on progress in women's empowerment and rights, and gender equality by conducting impact assessments quarterly.

### **Subprogrammes**

- *Advocacy and Mainstreaming for Gender Equality* promotes the mainstreaming of women's empowerment and gender equality considerations into government policies and processes of governance. In 2013/14, advocacy programmes were conducted to accelerate socioeconomic development for women; the Women Empowerment and Gender Equality Bill was finalised; and commemorations were convened for International Day of Rural Women, Women's Month, International Widows' Day and International Women's Day. In addition, the Orange Day and 16 Days of Activism for Non-Violence Against Women and Children campaigns were promoted to fight gender-based violence. This subprogramme had a staff complement of 5 in 2013/14.
- *Institutional Support and Capacity Building for Gender Equality* coordinates institutional support and capacity development by integrating activities and synergy among government departments, civil society and the private sector. In 2013/14, consultations on national gender machinery were hosted at national, provincial and local government levels and capacity development sessions on gender mainstreaming and the gender scorecard were provided to all spheres of government. In addition, the analysis of and consultation on the report on gender responsive budgeting of government departments was coordinated. This subprogramme had a staff complement of 4 in 2013/14.
- *Monitoring and Evaluation for Gender Equality* monitors, evaluates and reports on the promotion and realisation of the rights and empowerment of women and gender equality, to ensure compliance and conduct impact assessments. A monitoring and evaluation strategy with gender responsive indicators and monitoring tools was developed and piloted in the economic cluster departments in 2013/14. In the same year, national reports on the representation of women in political and decision-making structures and a 50 per cent parity programme in the public sector were compiled. The department also participated in a number of regional, continental and international processes on the Women Empowerment and Gender Equality Bill, including the United Nations Commission on Status of Women, African Union (AU) and Southern African Development Community (SADC) meetings. This subprogramme had a staff complement of 8 in 2013/14.
- *Commission for Gender Equality* makes the transfer to the Commission for Gender Equality, which promotes gender equality and respect for women's rights. The commission engages in advocacy and education initiatives to raise awareness and challenge patriarchal stereotypes. It seeks to protect and enforce gender rights by investigating complaints by members of the public and by sanctioning appropriate remedies in line with legislation. The total budget for the subprogramme is transferred in full to the commission on a monthly basis.

## Expenditure estimates

**Table 8.7 Women Empowerment and Gender Equality**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Advocacy and Mainstreaming for Gender Equality	8.6	10.6	9.5	8.3	-1.4%	12.4%	11.9	13.0	13.7	18.4%	12.5%
Institutional Support and Capacity Building for Gender Equality	0.2	7.2	3.8	4.1	194.7%	5.1%	4.7	5.5	5.8	12.5%	5.3%
Monitoring and Evaluation for Gender Equality	0.1	4.2	5.2	7.2	373.3%	5.6%	8.5	8.0	8.4	5.3%	8.6%
Commission for Gender Equality	51.9	55.2	59.1	63.1	6.7%	76.9%	67.2	70.8	74.5	5.7%	73.6%
<b>Total</b>	<b>60.8</b>	<b>77.2</b>	<b>77.6</b>	<b>82.6</b>	<b>10.8%</b>	<b>100.0%</b>	<b>92.3</b>	<b>97.3</b>	<b>102.5</b>	<b>7.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(0.2)			0.5	1.1	-		

### Economic classification

	8.9	22.0	18.4	19.2	29.4%	23.0%	24.5	26.1	27.5	12.7%	26.0%
<b>Current payments</b>											
Compensation of employees	(0.4)	7.2	6.8	8.9	-375.3%	7.5%	10.1	11.0	11.6	9.3%	11.1%
Goods and services	9.3	14.8	11.6	10.3	3.6%	15.5%	14.5	15.1	15.9	15.4%	14.9%
of which:											
Property payments	-	0.2	-	-	-	0.1%	-	-	-	-	-
Travel and subsistence	5.0	4.3	5.6	3.2	-13.9%	6.1%	6.7	6.9	7.3	31.5%	6.4%
Venues and facilities	-	1.0	1.2	1.3	-	1.2%	2.2	2.2	1.8	11.1%	2.0%
<b>Transfers and subsidies</b>	<b>51.9</b>	<b>55.2</b>	<b>59.1</b>	<b>63.1</b>	<b>6.7%</b>	<b>76.9%</b>	<b>67.2</b>	<b>70.8</b>	<b>74.5</b>	<b>5.7%</b>	<b>73.6%</b>
Departmental agencies and accounts	51.9	55.2	59.1	63.1	6.7%	76.9%	67.2	70.8	74.5	5.7%	73.6%
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>0.4</b>	<b>-</b>	<b>0.1%</b>	<b>0.5</b>	<b>0.4</b>	<b>0.5</b>	<b>9.9%</b>	<b>0.5%</b>
Machinery and equipment	-	-	0.1	0.4	-	0.1%	0.5	0.4	0.5	9.9%	0.5%
<b>Total</b>	<b>60.8</b>	<b>77.2</b>	<b>77.6</b>	<b>82.6</b>	<b>10.8%</b>	<b>100.0%</b>	<b>92.3</b>	<b>97.3</b>	<b>102.5</b>	<b>7.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>55.3%</b>	<b>46.5%</b>	<b>43.1%</b>	<b>41.7%</b>			<b>42.2%</b>	<b>42.3%</b>	<b>42.1%</b>		

### Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
<b>Current</b>	<b>51.9</b>	<b>55.2</b>	<b>59.1</b>	<b>63.1</b>	<b>6.7%</b>	<b>76.9%</b>	<b>67.2</b>	<b>70.8</b>	<b>74.5</b>	<b>5.7%</b>	<b>73.6%</b>
Commission for Gender Equality	51.9	55.2	59.1	63.1	6.7%	76.9%	67.2	70.8	74.5	5.7%	73.6%

## Personnel information

**Table 8.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Women Empowerment and Gender Equality	Number of posts estimated for 31 March 2014	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17		
Salary level	18	-	16	6.8	0.4	18	8.9	0.5	18	10.1	0.6	18	11.0	0.6	18	11.6	0.6	-	100.0%
1-6	3	-	3	0.4	0.1	3	0.6	0.2	3	0.6	0.2	3	0.7	0.2	3	0.7	0.2	-	16.7%
7-10	3	-	3	0.2	0.1	5	1.4	0.3	5	1.4	0.3	5	1.5	0.3	5	1.6	0.3	-	27.8%
11-12	6	-	5	1.8	0.4	4	2.3	0.6	4	2.2	0.5	4	2.5	0.6	4	2.6	0.7	-	22.2%
13-16	6	-	5	4.4	0.9	6	4.6	0.8	6	5.8	1.0	6	6.3	1.1	6	6.6	1.1	-	33.3%

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

2. Rand million.

## Expenditure trends

Over the medium term, the programme will focus on advocating and mainstreaming women's empowerment and gender equality by continuing to participate in awareness campaigns and holding consultative meetings to engage government, business and other stakeholders on issues affecting women's empowerment and gender equality. The campaigns and meetings will focus specifically on issues such as economic empowerment, gender based violence, and the representation and the meaningful participation of women in key sectoral areas. For this

reason, the bulk of the programme's allocation over the medium term goes towards the *Advocacy and Mainstreaming for Gender Equality* subprogramme and the transfer to the Commission for Gender Equality.

The department plans to increase the number of advocacy programmes on women's empowerment, which will enhance women's participation in decision-making in key sectors, such as the political arena and economic sectors, over the medium term. The department submitted the Women Empowerment and Gender Equality Bill to Parliament and anticipates that the bill will be passed and implemented over the medium term. As a result of these activities, the budget allocation in the *Advocacy and Mainstreaming for Gender Equality* subprogramme is expected to increase significantly over the medium term, mainly on goods and services.

Between 2010/11 and 2013/14, the department provided institutional and capacity building support to institutions regarding gender mainstreaming measures, such as crafting gender considerate strategic plans and gender responsive budgets, and acts as a convenor of state and civil society institutions that are working towards gender equality. These activities resulted in the appointment of more personnel and thus increased spending on compensation of employees in the *Institutional Support and Capacity Building for Gender Equality* subprogramme between 2010/11 and 2013/14. This trend is expected to continue over the medium term.

## **Programme 3: Children's Rights and Responsibilities**

### **Objectives**

- Promote children's rights and responsibilities by:
  - contributing to coordinated campaigns with specific focus on promoting quality basic education, safety and protection, standard of living and early childhood development, on an ongoing basis
  - providing institutional support and coordinating capacity development in children's rights and responsibilities through integrated programmes across government, on an ongoing basis.
- Monitor, evaluate and report on the realisation of children's rights and responsibilities by conducting impact assessments of national and international policies affecting children, measuring progress made in complying with these policies, and determining policy and other interventions where necessary, on an ongoing basis.

### **Subprogrammes**

- *Advocacy and Mainstreaming for the Promotion and Protection of Children's Rights* advocates for the realisation of children's rights and responsibilities across the three spheres of government. A child protection campaign was conducted successfully and a child friendly community model was developed in consultation with stakeholders in 2013/14. In addition, the mainstreaming strategy was workshopped across national, provincial and local government levels, the Nelson Mandela Children's Parliament was hosted and meetings on children's rights machinery were convened. This subprogramme had a staff complement of 3 in 2013/14.
- *Institutional Support and Capacity Building for the Promotion and Protection of Children's Rights* provides government and private institutions with support and coordinates capacity development for the realisation of children's rights and responsibilities through integrated programmes across government. Capacity development sessions focusing on the national plan of action and the monitoring and evaluation strategy for children were undertaken in 5 provinces and several municipalities in 2012/13. The Children's Rights and Responsibilities programme is implementing the child friendly communities initiative with municipalities, the Department of Cooperative Governance and Traditional Affairs and the South African Local Government Association. This subprogramme had a staff complement of 1 in 2013/14.
- *Monitoring and Evaluation for the Promotion and Protection of Children's Rights* monitors, evaluates and reports on the realisation of children's rights and responsibilities to ensure compliance with relevant legislations and policies, and monitors the progress made in meeting national, continental and international commitments on children's rights and responsibilities. A monitoring and evaluation strategy with child friendly indicators has been developed and stakeholders were consulted in 2013/14. This subprogramme had a staff complement of 3 in 2013/14.

## Expenditure estimates

**Table 8.9 Children's Rights and Responsibilities**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)		Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17		
R million												
Advocacy and Mainstreaming for the Promotion and Protection of Children's Rights	4.3	3.6	3.3	3.9	-2.9%	38.3%	4.6	5.9	6.2	16.8%	42.1%	
Institutional Support and Capacity Building for the Promotion and Protection of Children's Rights	4.4	6.5	3.5	2.3	-19.9%	42.7%	3.1	3.6	3.8	18.7%	26.1%	
Monitoring and Evaluation for the Promotion and Protection of Children's Rights	0.0	1.8	2.4	3.2	496.8%	19.0%	3.9	4.1	4.3	10.9%	31.8%	
<b>Total</b>	<b>8.7</b>	<b>12.0</b>	<b>9.2</b>	<b>9.4</b>	<b>2.4%</b>	<b>100.0%</b>	<b>11.6</b>	<b>13.7</b>	<b>14.4</b>	<b>15.4%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				(0.5)			(0.6)	0.2	-			
<b>Current payments</b>	<b>8.7</b>	<b>12.0</b>	<b>9.1</b>	<b>9.2</b>	<b>1.6%</b>	<b>99.0%</b>	<b>11.3</b>	<b>13.3</b>	<b>14.0</b>	<b>15.1%</b>	<b>97.4%</b>	
Compensation of employees	5.2	6.8	5.3	5.0	-1.2%	56.9%	5.2	6.3	6.6	9.5%	47.3%	
Goods and services	3.5	5.1	3.8	4.1	5.5%	42.1%	6.1	7.0	7.3	21.2%	50.0%	
of which:												
Travel and subsistence	2.3	0.9	1.4	2.2	-1.5%	17.0%	3.1	3.3	3.6	17.8%	24.7%	
Venues and facilities	0.3	0.6	0.8	0.6	25.7%	5.8%	0.7	0.7	0.9	15.1%	5.7%	
Payments for capital assets	-	0.0	0.1	0.2	-	1.0%	0.2	0.4	0.4	25.6%	2.6%	
Machinery and equipment	-	0.0	0.1	0.2	-	1.0%	0.2	0.4	0.4	25.6%	2.6%	
<b>Total</b>	<b>8.7</b>	<b>12.0</b>	<b>9.2</b>	<b>9.4</b>	<b>2.4%</b>	<b>100.0%</b>	<b>11.6</b>	<b>13.7</b>	<b>14.4</b>	<b>15.4%</b>	<b>100.0%</b>	
Proportion of total programme expenditure to vote expenditure	7.9%	7.2%	5.1%	4.7%			5.3%	5.9%	5.9%			

## Personnel information

**Table 8.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Children's Rights and Responsibilities	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	7	1	7	5.3	0.8	11	5.0	0.5	11	5.2	0.5	11	6.3	0.6	11	6.6	0.6	-	100.0%
1 - 6	1	-	1	0.5	0.5	3	0.4	0.1	3	0.6	0.2	3	0.6	0.2	3	0.6	0.2	-	27.3%
7 - 10	2	-	2	0.4	0.2	1	0.2	0.2	1	0.3	0.3	1	0.3	0.3	1	0.3	0.3	-	9.1%
11 - 12	1	-	1	0.9	0.9	3	1.3	0.4	3	1.6	0.5	3	1.6	0.5	3	1.7	0.6	-	27.3%
13 - 16	3	1	3	3.4	1.1	4	3.1	0.8	4	2.8	0.7	4	3.8	0.9	4	4.0	1.0	-	36.4%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on fulfilling the department's objective of ensuring the realisation of children's rights through the development and implementation of a plan of action for children's rights. In fulfilling this objective, the department expects to take part in engagements organised by international and regional bodies, such as the United Nations (UN), African Union (AU) and the SADC. These activities are supported by the budget allocations to the *Advocacy and Mainstreaming for the Promotion and Protection of Children's Rights* and *Monitoring and Evaluation for the Promotion and Protection of Children's Rights* subprogrammes over the medium term. These activities are expected to increase expenditure on goods and services items such as travel and subsistence, catering, and venues and facilities over the same period.

## Programme 4: Rights of People with Disabilities

### Objectives

- Advocate for the rights of people with disabilities including their empowerment and access to equal opportunities by:
  - contributing to and promoting self-representation in key sectors such as the political and economic sectors and self-reliance by raising awareness campaigns such as National Disability Month and the International Day of Persons with Disabilities, annually
  - providing institutional support and coordinating capacity development programmes for the rights of people with disabilities across government on an ongoing basis.
- Monitor, evaluate and report on the realisation of the rights and empowerment of people with disabilities by conducting impact assessments of national and adopted international policies on the rights of people with disabilities, by measuring progress made in complying with these policies and determining policy and other interventions where necessary, on an ongoing basis.

### Subprogrammes

- *Advocacy and Mainstreaming for the Equalisation of Opportunities for Persons with Disabilities* advocates for the empowerment, equalisation of opportunities and rights of people with disabilities through facilitating and coordinating campaigns and mainstreaming these into government's policies, programmes and governance processes. In 2012/13, a branded national integrated disability information and awareness campaign was coordinated; the National Disability Summit was hosted, the National Disability Rights Awareness Month, including the International Day of Persons with Disabilities, was celebrated; the national disability rights advocacy strategy was drafted; and the national universal access and design campaign was conceptualised. In 2013/14, electronic and print media interviews for disability campaigns were conducted, disability rights organisations' conferences were supported, and disability considerations were mainstreamed into national day celebrations, including the 16 Days of Activism for Non-Violence Against Women and Children. In September 2013, a discussion document developing a national policy to uphold the rights of persons with disabilities was released. This subprogramme had a staff complement of 2 in 2013/14.
- *Institutional Support and Capacity Building for the Equalisation of Opportunities for Persons with Disabilities* provides institutional support and coordinates capacity development for the rights of people with disabilities through integrated programmes across government. A draft institutional support and capacity development strategy for the mainstreaming of disability considerations was developed, following an extensive consultative process with the national disability rights machinery in 2012/13. In addition, good practices were documented and shared in the areas of access to justice for children, adults with intellectual disabilities, inclusive skills development for young persons with disabilities and community based disability centres as empowerment vehicles for children with disabilities. By September 2013, the national higher education and training road show campaign had been concluded, and the provincial executive disability rights road show had been convened to accelerate the implementation of the national disability rights agenda. This subprogramme had a staff complement of 4 in 2013/14.
- *Monitoring and Evaluation for the Equalisation of Opportunities for Persons with Disabilities* monitors, evaluates and reports on the realisation of the rights and empowerment of people with disabilities to ensure compliance and conduct impact assessments. In 2012/13, the department participated in regional, continental and international processes on disability, including UN and AU obligations. The United Nations Convention on the Rights of Persons with Disabilities report was finalised and approved by Cabinet. The convention's baseline country report was also finalised after an extensive public participation process and the disability rights monitoring and evaluation strategy framework was drafted. The development of disaggregated disability rights indicators, which was initiated in 2012/13, continued in the first half of 2013/14. This subprogramme had a staff complement of 5 in 2013/14.

## Expenditure estimates

**Table 8.11 Rights of People with Disabilities**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Advocacy and Mainstreaming for the Equalisation of Opportunities for Persons with Disabilities	2.8	5.2	3.2	3.8	10.4%	38.1%	4.4	4.4	4.6	7.0%	25.1%
Institutional Support and Capacity Building for the Equalisation of Opportunities for Persons with Disabilities	0.1	1.1	5.5	2.6	213.2%	23.9%	6.6	5.5	5.8	29.6%	29.7%
Monitoring and Evaluation for the Equalisation of Opportunities for Persons with Disabilities	0.0	3.3	4.3	7.3	1442.5%	38.1%	7.4	7.9	8.3	4.2%	45.2%
<b>Total</b>	<b>2.9</b>	<b>9.6</b>	<b>13.0</b>	<b>13.8</b>	<b>67.9%</b>	<b>100.0%</b>	<b>18.4</b>	<b>17.8</b>	<b>18.7</b>	<b>10.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(0.1)			1.3	0.2	-		
<b>Economic Classification</b>											
<b>Current payments</b>	<b>2.9</b>	<b>9.6</b>	<b>12.8</b>	<b>13.5</b>	<b>67.5%</b>	<b>98.7%</b>	<b>18.0</b>	<b>17.5</b>	<b>18.4</b>	<b>10.9%</b>	<b>98.2%</b>
Compensation of employees	1.2	4.0	5.4	8.1	90.2%	47.5%	9.8	9.1	9.6	6.1%	53.5%
Goods and services	1.7	5.6	7.4	5.4	47.2%	51.2%	8.2	8.3	8.8	17.4%	44.7%
of which:											
Travel and subsistence	0.4	3.2	4.6	2.8	98.2%	28.0%	5.2	5.4	5.7	27.5%	27.9%
Venues and facilities	0.7	0.2	1.7	1.0	11.4%	9.2%	1.1	1.2	1.2	7.7%	6.5%
Transfers and subsidies	-	-	0.2	-	-	0.4%	-	-	-	-	-
Households	-	-	0.2	-	-	0.4%	-	-	-	-	-
Payments for capital assets	0.0	-	0.0	0.3	95.0%	0.9%	0.4	0.3	0.3	1.6%	1.8%
Machinery and equipment	0.0	-	0.0	0.3	95.0%	0.9%	0.4	0.3	0.3	1.6%	1.8%
<b>Total</b>	<b>2.9</b>	<b>9.6</b>	<b>13.0</b>	<b>13.8</b>	<b>67.9%</b>	<b>100.0%</b>	<b>18.4</b>	<b>17.8</b>	<b>18.7</b>	<b>10.7%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	2.6%	5.8%	7.2%	6.9%			8.4%	7.7%	7.7%		

## Personnel information

**Table 8.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Rights of People with Disabilities	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	Unit Cost	2013/14	Unit Cost	2014/15		2015/16		2016/17								
<b>Salary level</b>	<b>12</b>	<b>2</b>	<b>10</b>	<b>5.4</b>	<b>0.5</b>	<b>15</b>	<b>8.1</b>	<b>0.5</b>	<b>15</b>	<b>9.8</b>	<b>0.7</b>	<b>15</b>	<b>9.1</b>	<b>0.6</b>	<b>15</b>	<b>9.6</b>	<b>0.6</b>	-	100.0%
1-6	1	-	1	0.2	0.2	2	0.4	0.2	2	0.4	0.2	2	0.4	0.2	2	0.4	0.2	-	13.3%
7-10	4	-	4	0.8	0.2	5	1.4	0.3	5	1.2	0.2	5	1.5	0.3	5	1.6	0.3	-	33.3%
11-12	2	-	1	0.9	0.9	2	1.0	0.5	2	1.6	0.8	2	1.1	0.6	2	1.2	0.6	-	13.3%
13-16	5	2	4	3.4	0.9	6	5.3	0.9	6	6.6	1.1	6	6.1	1.0	6	6.4	1.1	-	40.0%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on ensuring the progressive realisation of rights for people with disabilities. To achieve this objective, this programme will finalise the cross-cutting disability rights policy and legislation, and strengthen the national disability services information portal. The programme will also strengthen evidence based reporting by implementing the three pillars of the monitoring and evaluation strategy: tracking statistical trends via the Ulwazi disability rights development information database, which will be housed in Statistics South Africa; monitoring government performance through the analysis of outcome performance reports and quarterly reports to Parliament; and providing rights holders with platforms to participate in monitoring processes by, for example, commissioning participatory qualitative research.

These activities are supported by the budget allocated to the *Advocacy and Mainstreaming for the Equalisation of Opportunities for Persons with Disabilities* and the *Monitoring and Evaluation for the Equalisation of Opportunities for Persons with Disabilities* subprogrammes.

The significant increases in expenditure on goods and services, particularly on travel and subsistence, is due to the funding provided for programmes related to advocacy and the mainstreaming of the rights of people with disabilities through consultative and focal point meetings across the provinces and internationally. Four reports on issues relating to the mainstreaming, advocating and monitoring of the rights of people with disabilities will be produced annually. The African disability protocol will also be finalised.

## **Public entities and other agencies**

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Commission for Gender Equality** promotes respect for gender equality. The commission engages in advocacy and education initiatives to raise awareness and challenge patriarchal stereotypes. It seeks to protect and enforce gender rights by investigating complaints by members of the public and by sanctioning appropriate remedies in line with legislation. The commission's total budget for 2014/15 is R67.2 million.

# Vote 9

## Government Communication and Information System

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	141.4	140.3	0.0	1.1	146.8	155.4
Content Processing and Dissemination	99.9	99.8	–	0.1	104.0	110.1
Intergovernmental Coordination and Stakeholder Management	121.7	99.3	21.8	0.6	127.4	135.2
Communication Service Agency	50.1	48.6	–	1.5	52.5	55.6
<b>Total expenditure estimates</b>	<b>413.1</b>	<b>388.0</b>	<b>21.8</b>	<b>3.3</b>	<b>430.8</b>	<b>456.4</b>

Executive authority Minister in the Presidency: Performance Monitoring and Evaluation as well as Administration

Accounting officer Chief Executive Officer Government Communication and Information System

Website address [www.gcis.gov.za](http://www.gcis.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Provide a comprehensive communication service on behalf of government to facilitate the involvement of the majority of South Africans in governance, reconstruction and development, nation building, and reconciliation.*

### Mandate

The Government Communication and Information System's mandate is derived from section 195 (g) of the Constitution of South Africa (1996), which stipulates that the public should be provided with information that is timely, accurate and accessible, in support of the constitutional principles of freedom of expression and transparency and openness of government. The Government Communication and Information System was established in terms of section 7 of the Public Service Act (1994) as a strategic unit located in the Presidency to meet the demands of the broader democratic human rights environment, and to find ways of alleviating the isolation of citizens who, through apartheid, poverty and current circumstance are being deprived of the information that can help them take control of their lives and engage in dialogue with government.

Government's mandate requires that its communication be expanded to: enhance access to information that enables the public to participate in the country's transformation and in bettering their own lives; bring the realities of an emergent and thriving democracy to the attention of the international community; and promote the African Renaissance, including regional integration and the implementation of people centred development programmes. Functioning as a separate department, the mandate of the Government Communication and Information System is to coordinate, guide and advise on government communication, including media liaison, development communication, and marketing. Its core vision is to achieve integrated, coordinated and clear communication between government and South African citizens to enable them to be involved, in line with the departmental aim, in the country's transformation.

### Strategic goals

The Government Communication and Information System's strategic goals over the medium term are to:

- ensure coherent, responsive and cost effective communication services for all government programmes
- ensure that it is a responsive, cost effective, compliant and business focused organisation
- professionalise the government communication system, build a reliable knowledge base and enhance related

- communication products
- maintain and strengthen a well functioning communication system that proactively informs and engages the public
- provide efficient and effective communication services for government
- enhance the image of government and that of the state.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide overall support services to the department.

### Programme 2: Content Processing and Dissemination

**Purpose:** Provide strategic leadership in government communication to ensure coherence, coordination, consistency, quality, impact and responsiveness of government communication.

### Programme 3: Intergovernmental Coordination and Stakeholder Management

**Purpose:** Implement development communication through mediated and unmediated communication channels, and sound stakeholder relations and partnerships. Transfer funds to the Media Development and Diversity Agency.

### Programme 4: Communication Service Agency

**Purpose:** Provide media bulk buying services and media production services to national government.

## Selected performance indicators

Table 9.1 Government Communication and Information System

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of cluster reports on perceptions on government delivery and performance reports per year issued	Content Processing and Dissemination	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	-1	-1	35	14	14	14	14
Number of copies of Vuk'uzenzele newspaper published per year	Content Processing and Dissemination		10 million	18.5 million	20.7million	20.4 million	20.4 million	20.4 million	20.4million
Number of media briefings requests per year	Intergovernmental Coordination and Stakeholder Management		140	68	93	100	100	100	100
Number of community and stakeholder liaison visits per year	Intergovernmental Coordination and Stakeholder Management		6 534	4 516	3 588	2 750	2 750	2 750	2 750
Number of development communication projects aligned to the government communication programme per year	Intergovernmental Coordination and Stakeholder Management		2 970	3 200	3 010	2 184	2 184	2 184	2 184
Number of rapid response facilitated reports per year	Intergovernmental Coordination and Stakeholder Management		-1	-1	337	311	311	311	311
Number of marketing events per Thusong service centre per year	Intergovernmental Coordination and Stakeholder Management		-1	170	519	484	484	484	484
Number of media buying campaigns implemented	Communication Service Agency		108	140	200	170	180	190	200
Number of radio advertisements and dramas produced per year	Communication Service Agency		15	51	42	48	48	48	48

**Table 9.1 Government Communication and Information System**

Indicator	Programme	Outcome	Past			Current	Projections	
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of video programmes produced per year	Communication Service Agency	Outcome 12: An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship	13	30	316	120	120	120
Number of requests for photographic coverage handled per year	Communication Service Agency		600	553	926	500	500	500
Number of live broadcasts on community radio stations per year	Communication Service Agency		100	114	205	54	54	54
Number of government and national events covered on video per year	Communication Service Agency		150	386	341	400	400	400
Number of graphic designs produced per year	Communication Service Agency		100	254	359	160	160	160

1. Indicators with limited or no historical information were introduced in 2011/12 and 2012/13.

## The national development plan

The national development plan highlights the need to unite South Africans around a common programme, have citizens be active in their own development, and build a capable and developmental state. In ensuring effective government communication and facilitating the involvement of citizens in governance, reconstruction and development, nation building and reconciliation, the Government Communication and Information System contributes to the fulfilment of an efficient, effective and development oriented public service and empowered, fair, and inclusive citizenship (outcome 12).

The more citizens are informed about government programmes, plans and activities, the more they are empowered to hold government accountable to improve on service delivery. The department therefore contributes to citizen participation by facilitating two-way interaction between government and the public by organising imbizo public engagement programmes and publicising government's development-related initiatives through the media. The department will continue to use community and stakeholder liaison visits for the effective communication of Cabinet decisions.

The department has, over the past five years, working with other government departments, continued to communicate and facilitate communication campaigns informed by the following priorities: job creation, education, health, rural development, and the fight against crime and corruption. Through coordinating the activities of the social cluster, the department will assist with the strategic communication related to the popularisation of the Department of Basic Education's Bill of Responsibilities, which the plan identifies as an action towards nation building and social cohesion. The department will also continue to provide strategic communication support to government departments through transversal communication campaigns that place special emphasis on national priorities.

The department will further support government in building a capable state by maintaining good relations at provincial and local government levels, and establishing and strengthening provincial and district communication forums. The department also aims to professionalise the government communication and information system through the development of training course content and identifying, coordinating and implementing effective training programmes for government communicators. This will ensure more coordinated efforts in communicating government plans, programmes and achievements.

In addition, the department aims to take a direct role in communicating the national development plan by conducting research to measure the willingness and participation of citizens in their own development.

## Expenditure estimates

**Table 9.2 Government Communication and Information System**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
	R million											
Administration	89.3	101.3	133.9	181.4	183.5	27.1%	33.2%	141.4	146.8	155.4	-5.4%	36.1%
Content Processing and Dissemination	103.3	95.6	86.0	89.3	88.2	-5.1%	24.4%	99.9	104.0	110.1	7.7%	23.2%
Intergovernmental Coordination and Stakeholder Management	98.0	110.0	125.8	118.2	116.7	6.0%	29.4%	121.7	127.4	135.2	5.0%	28.8%
Communication Service Agency	61.6	36.6	51.5	48.2	48.8	-7.5%	13.0%	50.1	52.5	55.6	4.5%	11.9%
<b>Total</b>	<b>352.2</b>	<b>343.6</b>	<b>397.2</b>	<b>437.2</b>	<b>437.2</b>	<b>7.5%</b>	<b>100.0%</b>	<b>413.1</b>	<b>430.8</b>	<b>456.4</b>	<b>1.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				40.5	40.5			-	-	-		

**Economic classification**

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17				
<b>Current payments</b>	<b>329.2</b>	<b>316.4</b>	<b>342.3</b>	<b>378.1</b>	<b>377.7</b>	<b>4.7%</b>	<b>89.2%</b>	<b>388.0</b>	<b>405.7</b>	<b>430.0</b>	<b>4.4%</b>	<b>92.2%</b>
Compensation of employees	147.2	160.3	175.2	188.7	186.6	8.2%	43.7%	200.1	212.2	226.2	6.6%	47.5%
Goods and services	182.0	156.2	167.1	189.4	191.1	1.6%	45.5%	187.9	193.4	203.7	2.2%	44.7%
of which:												
Computer services	17.4	11.1	15.2	15.0	16.6	-1.5%	3.9%	15.4	15.8	16.7	0.1%	3.7%
Operating leases	16.4	14.0	12.4	35.6	35.8	29.6%	5.1%	39.3	40.0	45.2	8.1%	9.2%
Travel and subsistence	15.7	20.0	20.8	18.5	18.2	5.0%	4.9%	19.7	20.4	21.5	5.8%	4.6%
Operating payments	39.2	39.4	41.2	42.1	41.0	1.4%	10.5%	43.2	44.5	46.8	4.6%	10.1%
<b>Transfers and subsidies</b>	<b>17.5</b>	<b>19.5</b>	<b>20.7</b>	<b>21.1</b>	<b>21.2</b>	<b>6.6%</b>	<b>5.2%</b>	<b>21.8</b>	<b>22.6</b>	<b>23.8</b>	<b>3.9%</b>	<b>5.2%</b>
Departmental agencies and accounts	17.3	19.2	20.0	20.8	20.8	6.3%	5.1%	21.8	22.6	23.8	4.6%	5.1%
Public corporations and private enterprises	-	-	0.1	-	-		0.0%	-	-	-		
Households	0.2	0.3	0.7	0.3	0.4	27.6%	0.1%	-	-	-	-100.0%	0.0%
<b>Payments for capital assets</b>	<b>5.3</b>	<b>7.6</b>	<b>34.2</b>	<b>38.0</b>	<b>38.3</b>	<b>93.3%</b>	<b>5.6%</b>	<b>3.3</b>	<b>2.5</b>	<b>2.5</b>	<b>-59.5%</b>	<b>2.7%</b>
Buildings and other fixed structures	-	-	28.3	36.1	35.9		4.2%	-	-	-	-100.0%	2.1%
Machinery and equipment	5.3	7.1	5.8	1.6	2.1	-26.4%	1.3%	3.0	2.2	2.3	2.4%	0.6%
Software and other intangible assets	-	0.5	0.1	0.3	0.3		0.1%	0.3	0.2	0.3	-1.2%	0.1%
<b>Payments for financial assets</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total</b>	<b>352.2</b>	<b>343.6</b>	<b>397.2</b>	<b>437.2</b>	<b>437.2</b>	<b>7.5%</b>	<b>100.0%</b>	<b>413.1</b>	<b>430.8</b>	<b>456.4</b>	<b>1.4%</b>	<b>100.0%</b>

## Personnel information

**Table 9.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Government Communication and Information System	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost							
<b>Salary level</b>	<b>514</b>	<b>47</b>	<b>471</b>	<b>175.2</b>	<b>0.4</b>	<b>513</b>	<b>186.6</b>	<b>0.4</b>	<b>514</b>	<b>200.1</b>	<b>0.4</b>	<b>514</b>	<b>212.2</b>	<b>0.4</b>	<b>514</b>	<b>226.2</b>	<b>0.4</b>	<b>0.1%</b>	<b>100.0%</b>
1 - 6	146	39	114	21.1	0.2	145	22.4	0.2	193	24.1	0.1	193	25.5	0.1	193	27.2	0.1	10.0%	35.2%
7 - 10	225	5	225	68.1	0.3	225	70.8	0.3	201	76.4	0.4	201	81.0	0.4	201	86.4	0.4	-3.7%	40.3%
11 - 12	89	3	79	40.4	0.5	89	46.2	0.5	82	49.0	0.6	82	51.9	0.6	82	55.4	0.7	-2.7%	16.3%
13 - 16	54	-	53	45.6	0.9	54	47.3	0.9	38	50.7	1.3	38	53.7	1.4	38	57.3	1.5	-11.1%	8.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on implementing the national communication strategy, which was approved by Cabinet in June 2011. The strategy tasks the department with working with other departments to align their communication campaigns and programmes with the strategic priorities of government. The department is also responsible for taking the lead in communication projects and programmes of strategic significance to government, which include providing advertising and media buying expertise to other government departments over the medium term. The department will continue to conduct information campaigns, such as the state of the nation address; develop communication activations aligned with the government communication programme; coordinate the imbizo government programmes; and produce

government publications, such as the South Africa Yearbook, over this period.

Almost 63.7 per cent of the department's allocation over the medium term is spent in the *Administration and Intergovernmental Coordination and Stakeholder Management programmes*, most of which is on compensation of employees and goods and services. The anticipated increase in spending on compensation of employees over the medium term is to provide for annual salary adjustments as the department's funded establishment is expected to remain at 514 posts, including 24 contract workers. Over the same period, expenditure in the *Administration programme* is expected to decrease due to the completion of the new head office building, for which funds were provided between 2010/11 and 2013/14.

The department had 30 vacant posts at the end of November 2013, mainly as a result of retirements, resignations and transfers to other government departments. There are plans to employ 25 interns in each year over the medium term to support skills development. 23 interns participated in the internship programme in 2013/14.

Spending on goods and services over the medium term is expected to be primarily on operating leases, travel and subsistence and operating expenses related to the publication of the monthly Vuk'uzenzele newspaper and the South Africa Yearbook. 20.4 million Vuk'uzenzele copies are set to be produced in 11 official languages and distributed monthly over the MTEF period. In addition, the department plans to issue 42 cluster reports on perceptions of government delivery and performance, conduct 8 250 community and stakeholder liaison visits and align 6 552 development communication projects with the government communication programme over the medium term. It is also projected that 3 846 media, photographic, video and graphic design products will be produced over this period.

The transfer to the Media Development and Diversity Agency accounts for 5.1 per cent of the department's total expenditure over the medium term. R68.2 million is allocated to the agency over this period to enable historically disadvantaged communities and individuals to gain access to the media.

### Infrastructure spending

The department contracted a landlord and a developer to assist in designing and building the department's new head office in 2011/12. The construction process was completed at the end of November 2013, instead of the end of July 2013, as was anticipated. The delays were mainly caused by the need to install additional ICT infrastructure, such as cabling for voice over internet protocol and fire suppression devices.

Although the building project began in 2011/12, legal and logistical delays resulted in funds of R20 million being rolled over to 2012/13. Additional allocations of R50 million towards the project were made in 2012/13, with R18.3 million being shifted in 2012/13 from the Office Accommodation subprogramme in the Administration programme to the project to fund the purchase of additional ICT infrastructure. Total project expenditure at the end of November 2013 was approximately R101 million, used mainly for ICT. Project shortfalls were funded through the reprioritisation of funds across the four departmental programmes.

## Departmental receipts

Table 9.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	<b>1 558</b>	<b>948</b>	<b>1 013</b>	<b>904</b>	<b>794</b>	<b>-20.1%</b>	<b>100.0%</b>	<b>792</b>	<b>900</b>	<b>955</b>	<b>6.3%</b>	<b>100.0%</b>
Sales of goods and services produced by department	1 177	213	405	294	225	-42.4%	46.8%	302	360	365	17.5%	36.4%
Other sales	1 177	213	405	294	225	-42.4%	46.8%	302	360	365	17.5%	36.4%
of which:												
Commission on insurance	46	51	53	53	53	4.8%	4.7%	57	60	60	4.2%	6.7%
Departmental publications	1 077	27	223	100	32	-69.0%	31.5%	100	150	150	67.4%	12.6%
Replacements of security cards	1	1	1	1	-	-100.0%	0.1%	-	-	-	-	-
Rental: Parking	53	134	128	140	140	38.2%	10.5%	145	150	155	3.5%	17.1%
<b>Interest, dividends and rent on land</b>	<b>240</b>	<b>352</b>	<b>118</b>	<b>120</b>	<b>79</b>	<b>-31.0%</b>	<b>18.3%</b>	<b>140</b>	<b>160</b>	<b>180</b>	<b>31.6%</b>	<b>16.2%</b>
Interest	240	352	118	120	79	-31.0%	18.3%	140	160	180	31.6%	16.2%
Transactions in financial assets and liabilities	141	383	490	490	490	51.5%	34.9%	350	380	410	-5.8%	47.4%
<b>Total</b>	<b>1 558</b>	<b>948</b>	<b>1 013</b>	<b>904</b>	<b>794</b>	<b>-20.1%</b>	<b>100.0%</b>	<b>792</b>	<b>900</b>	<b>955</b>	<b>6.3%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 9.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Departmental Management	10.9	7.8	7.8	7.1	-13.4%	6.6%	7.3	7.5	8.0	4.1%	4.8%
Corporate Services	38.1	44.6	53.7	52.1	10.9%	37.3%	56.4	58.9	62.4	6.2%	36.8%
Financial Administration	18.8	29.9	51.8	76.9	59.9%	35.1%	28.9	30.3	32.3	-25.2%	26.9%
Internal Audit	5.6	6.0	7.1	6.2	3.7%	4.9%	6.6	6.9	7.3	5.8%	4.3%
Office Accommodation	15.9	13.0	13.5	39.2	35.1%	16.1%	42.2	43.2	45.4	5.1%	27.2%
<b>Total</b>	<b>89.3</b>	<b>101.3</b>	<b>133.9</b>	<b>181.4</b>	<b>26.7%</b>	<b>100.0%</b>	<b>141.4</b>	<b>146.8</b>	<b>155.4</b>	<b>-5.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				48.9			1.8	1.8	1.9		
<b>Economic classification</b>											
<b>Current payments</b>	<b>87.0</b>	<b>98.3</b>	<b>101.4</b>	<b>145.2</b>	<b>18.6%</b>	<b>85.4%</b>	<b>140.3</b>	<b>146.1</b>	<b>154.7</b>	<b>2.1%</b>	<b>93.8%</b>
Compensation of employees	40.0	46.1	52.6	56.5	12.2%	38.6%	60.9	64.6	68.9	6.8%	40.1%
Goods and services	47.0	52.2	48.8	88.7	23.6%	46.8%	79.4	81.5	85.9	-1.1%	53.7%
of which:											
Computer services	7.2	8.6	12.2	11.9	18.0%	7.9%	11.4	11.7	12.4	1.3%	7.6%
Operating leases	15.2	12.7	10.9	34.7	31.7%	14.5%	38.5	39.3	44.4	8.6%	25.1%
Travel and subsistence	2.9	4.0	4.3	3.8	9.6%	3.0%	4.8	4.9	5.2	11.0%	3.0%
Operating payments	3.0	2.7	2.1	2.0	-11.8%	1.9%	2.1	2.2	2.3	4.1%	1.4%
Transfers and subsidies	0.1	0.1	0.2	0.1	-9.5%	0.1%	0.0	0.0	0.0	-25.5%	-
Households	0.1	0.1	0.2	0.1	-0.5%	0.1%	-	-	-	-100.0%	-
Payments for capital assets	2.2	2.9	32.3	36.2	154.3%	14.5%	1.1	0.7	0.7	-73.5%	6.2%
Buildings and other fixed structures	-	-	28.3	36.1	-	12.7%	-	-	-	-100.0%	5.8%
Machinery and equipment	2.2	2.4	3.9	0.1	-67.1%	1.7%	1.1	0.7	0.7	105.0%	0.4%
Software and other intangible assets	-	0.5	0.0	-	-	0.1%	-	-	-	-	-
<b>Total</b>	<b>89.3</b>	<b>101.3</b>	<b>133.9</b>	<b>181.4</b>	<b>26.7%</b>	<b>100.0%</b>	<b>141.4</b>	<b>146.8</b>	<b>155.4</b>	<b>-5.0%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	25.4%	29.5%	33.7%	41.5%			34.2%	34.1%	34.1%		

### Personnel information

Table 9.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014	Number of posts funded	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
Salary level	183	41	156	52.6	0.3	182	56.5	0.3	183	60.9	0.3	183	64.6	0.4	183	68.9	0.4	0.2%	100.0%	
1 - 6	88	36	63	11.1	0.2	87	11.3	0.1	89	13.2	0.1	89	14.0	0.2	89	14.9	0.2	0.8%	48.4%	
7 - 10	53	3	52	15.3	0.3	53	16.2	0.3	53	16.8	0.3	53	17.9	0.3	53	19.0	0.4	-	29.0%	
11 - 12	25	2	24	11.8	0.5	25	13.2	0.5	24	14.2	0.6	24	15.0	0.6	24	16.0	0.7	-1.4%	13.3%	
13 - 16	17	-	17	14.4	0.8	17	15.8	0.9	17	16.7	1.0	17	17.8	1.0	17	18.9	1.1	-	9.3%	

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

2. Rand million.

### Expenditure trends

The spending focus over the medium term will be on providing IT infrastructure and systems in the new head office, and addressing the office accommodation and corporate service needs of the department. The *Corporate Services*, *Financial Administration* and *Office Accommodation* subprogrammes therefore constitute the bulk of this programme's allocation over the medium term. These funds are mainly allocated towards compensation of employees, operating leases and computer services.

Programme expenditure increased between 2010/11 and 2013/14, mainly due to a once-off allocation of R50 million in 2012/13, rollover funds of R20 million from 2011/12 to 2012/13 and R39.8 million between 2012/13 and 2013/14 in respect of the new head office. This resulted in a significant increase in spending on

buildings and other infrastructure, which comprised of building, ICT and data line costs; as well as increased spending on assets valued at less than the capitalisation threshold for the purchase of office furniture. With the new head office now complete, it is projected that programme expenditure will decrease at an average annual rate of 5 per cent over the medium term. The increase in expenditure on operating leases over the same period is due to the increased lease cost of the new building.

The reprioritisation of funds augmented this programme's budget by R5.5 million over the medium term, mainly for social contributions in compensation of employees, and the installation of ICT infrastructure to enable the department to function efficiently in view of the significant increase in the supply chain management component of the *Financial Administration* subprogramme. This reprioritisation was mainly funded from the Content Processing and Dissemination programme.

The other significant increase of R5.5 million in medium term spending is on compensation of employees, mainly for annual salary adjustments in the *Corporate Services* and the *Financial Administration* subprogrammes. The number of personnel in this programme is expected to increase from 156 in 2012/13 to 183 by 2016/17, due in large part to the filling of intern positions and the recruitment of supply chain management clerks and support staff in critical areas. The personnel in this programme are mainly remunerated for financial management, human resource and administrative support skills. There were 12 vacant posts at the end of November 2013 as a result of retirements, resignations or transfers to other government departments. The recruitment process to fill these posts has begun. Consultants in this programme are mainly used for legal advice relating to labour relations, translations and transcriptions of programme products, qualification verifications and audit committees.

## **Programme 2: Content Processing and Dissemination**

### **Objectives**

- Inform government's communication strategy and decisions by:
  - analysing the communication environment on a weekly, monthly and quarterly basis, and conducting communication research on an ongoing basis
  - providing strategic leadership and support in government communication through national and international media monitoring and impact assessments conducted on an ongoing basis.
- Intensify the provision of communication of government information to the general public, specifically through promoting greater application of public socioeconomic programmes by:
  - increasing the annual production and distribution of the Vuk'uzenzele newspaper from 10 million copies in 2009/10 to 20.4 million copies over the MTEF period
  - increasing the annual production of the South Africa Yearbook from 40 000 copies in 2009/10 to 45 000 copies over the MTEF period
  - updating the electronic version of Vuk'uzenzele newspaper every second month
  - disseminating the Braille version of Vuk'uzenzele newspaper to visually impaired individuals and organisations every second month.
- Provide professional language services to departments in support of government's efforts to communicate in all South African languages by increasing the number of language services requests handled from 1 226 in 2013/14 to 1 500 in 2016/17.
- Expand the knowledge base of Cabinet ministers by producing analytical reports that highlight issues and trends in national and international media on a fortnightly basis.
- Facilitate knowledge sharing on public sector management innovations and communication best practices for government communicators and public sector managers by producing the quarterly GovComms newsletter and the bimonthly Public Sector Manager magazine.

## Subprogrammes

- *Programme Management for Content Processing and Dissemination* coordinates communication strategic planning in the department and other government departments, and ensures adherence to government communication standards. This subprogramme had a staff complement of 3 at the end of November 2013.
- *Policy and Research* conducts research to assess how government should better address the public's communication needs and monitors national and international media coverage relating to government programmes and campaigns. Outputs in 2013/14 included the annual Insight newsletter for internal staff members and government communicators, 2 annual cluster reports on perceptions of government priorities for political principals, an annual assessment of the media landscape for journalists and government communicators, 5 Pulse of the Nation reports, and weekly opinion pieces on communication and media issues. This subprogramme had a staff complement of 51 with 3 vacancies at the end of November 2013.
- *Products and Platforms* develops information products and communication platforms that enable government to communicate directly to citizens and public servants. In 2012/13, this subprogramme produced 45 000 copies of the South Africa Yearbook, 20 000 copies of the annual Pocket Guide to South Africa, 20.4 million issues of the monthly Vuk'uzenzele government newspaper, 170 091 copies of the Public Sector Manager magazine, 60 000 copies of the GovComms newsletter and 6 monthly Government Dialogue electronic newsletters. Funds for this subprogramme are also used for translation, editing and proofreading services. This subprogramme had a staff complement of 47 with 4 vacancies at the end of November 2013.
- *2010 Government Communication Project Management* produced marketing and communication material for the 2010 FIFA World Cup project. The activities of this subprogramme were concluded in 2010/11 after the successful hosting of the World Cup.

## Expenditure estimates

**Table 9.7 Content Processing and Dissemination**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Programme Management for Content Processing and Dissemination	2.3	3.4	2.5	3.0	9.1%	3.0%	3.0	3.3	3.5	6.1%	3.2%
Policy and Research	33.0	28.8	30.6	32.6	-0.5%	33.4%	35.7	37.2	39.4	6.6%	35.9%
Products and Platforms	60.5	63.4	52.8	53.8	-3.9%	61.6%	61.2	63.5	67.2	7.7%	60.9%
2010 Government Communication Project Management	7.5	-	-	-	-100.0%	2.0%	-	-	-	-	-
<b>Total</b>	<b>103.3</b>	<b>95.6</b>	<b>86.0</b>	<b>89.3</b>	<b>-4.7%</b>	<b>100.0%</b>	<b>99.9</b>	<b>104.0</b>	<b>110.1</b>	<b>7.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(7.7)			(1.7)	(1.9)	(2.0)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>101.8</b>	<b>94.5</b>	<b>85.4</b>	<b>89.1</b>	<b>-4.4%</b>	<b>99.1%</b>	<b>99.8</b>	<b>104.0</b>	<b>110.1</b>	<b>7.3%</b>	<b>99.9%</b>
Compensation of employees	38.2	38.9	38.8	44.0	4.9%	42.7%	45.4	48.1	51.3	5.2%	46.8%
Goods and services	63.6	55.6	46.6	45.0	-10.9%	56.4%	54.5	55.9	58.8	9.3%	53.1%
of which:											
Computer services	9.9	2.5	2.6	2.7	-35.3%	4.7%	3.6	3.7	3.9	13.3%	3.4%
Operating leases	1.0	0.9	1.0	0.3	-35.6%	0.8%	0.2	0.2	0.2	-10.4%	0.2%
Travel and subsistence	1.9	2.5	2.2	2.3	6.6%	2.4%	2.8	2.9	3.1	11.0%	2.8%
Operating payments	35.1	34.2	24.7	24.2	-11.7%	31.6%	27.1	27.7	29.1	6.4%	26.8%
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>39.7%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
Households	-	0.2	0.1	0.0	-	0.1%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>1.5</b>	<b>0.9</b>	<b>0.5</b>	<b>0.2</b>	<b>-49.2%</b>	<b>0.8%</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>
Machinery and equipment	1.5	0.9	0.5	0.1	-54.1%	0.8%	0.1	-	-	-100.0%	0.1%
Software and other intangible assets	-	0.0	0.0	0.1	-	-	-	-	-	-100.0%	-
<b>Total</b>	<b>103.3</b>	<b>95.6</b>	<b>86.0</b>	<b>89.3</b>	<b>-4.7%</b>	<b>100.0%</b>	<b>99.9</b>	<b>104.0</b>	<b>110.1</b>	<b>7.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>29.3%</b>	<b>27.8%</b>	<b>21.6%</b>	<b>20.4%</b>			<b>24.2%</b>	<b>24.1%</b>	<b>24.1%</b>		

## Personnel information

**Table 9.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
Number of funded posts	Number of posts additional to the establishment	Actual 2012/13			Revised estimate 2013/14			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)		
								2014/15			2015/16			2016/17						
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			2013/14 - 2016/17	
Content Processing and Dissemination		101	2	93	38.8	0.4	101	42.9	0.4	101	45.4	0.4	101	48.1	0.5	101	51.3	0.5	-	100.0%
1-6	14	-	12	2.2	0.2	14	2.7	0.2	14	2.6	0.2	14	2.7	0.2	14	2.9	0.2	-	13.9%	
7-10	47	1	45	14.2	0.3	47	15.3	0.3	47	16.2	0.3	47	17.2	0.4	47	18.4	0.4	-	46.5%	
11-12	28	1	25	12.2	0.5	28	14.7	0.5	28	15.0	0.5	28	15.9	0.6	28	17.0	0.6	-	27.7%	
13-16	12	-	11	10.2	0.9	12	10.3	0.9	12	11.6	1.0	12	12.3	1.0	12	13.1	1.1	-	11.9%	

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing strategic leadership and support in government communication through media monitoring, research, surveys and analysis in order to better understand the communication environment. These activities will be conducted in the *Policy and Research* subprogramme, while the *Products and Platforms* subprogramme will be responsible for enhancing government communication products to strengthen the voice of government.

Expenditure decreased between 2010/11 and 2013/14, mainly due to the completion of activities and projects related to the 2010 FIFA World Cup in 2010/11, which accounts for the discontinuation of the allocations to the *2010 Government Communication Project Management* subprogramme in 2011/12.

The decrease in expenditure in the *Products and Platforms* subprogramme from 2010/11 to 2011/12 was mainly in operating payments of goods and services due to the shifting of distribution costs of the Vuk'uzenzele newspaper to the Communication Service Agency programme. Another contributing factor was the decrease in spending in electronic information resources between 2011/12 and 2012/13, due to the shifting of IT related functions, such as webserver administration of department-managed websites, to the *Corporate Services* subprogramme in the *Administration* programme.

The main achievements for this programme between 2010/11 and 2013/14 included the production of media content and the provision of support for the 2010 FIFA World Cup event, reports on government delivery and performance and media coverage, and reviews of the assessment of the media landscape reports.

The bimonthly Vuk'uzenzele magazine was also converted to a monthly newspaper, which resulted in efficiency gains on operating payments for the printing and distribution costs. These savings allowed the department to publish the Vuk'uzenzele newspaper more regularly. The Vuk'uzenzele newspaper comprises 54 per cent of the average annual expenditure of the *Products and Platforms* subprogramme.

Expenditure in the *Policy and Research* subprogramme over the medium term is set to increase in line with projected inflation escalation. This subprogramme provides government communication support through media monitoring, research, surveys and analysis. The main cost drivers of these activities are agency and outsourced services and operating payments.

The number of personnel in this programme is expected to increase from 93 in 2012/13 to 101 by 2016/17 mainly due to the timeous filling of vacant posts, as per departmental policy. The projected growth in expenditure on compensation of employees over the same period will be driven largely by improvements in conditions of service. There were 7 vacant posts at the end of November 2013 as a result of resignations and transfers to other government departments. Consultants in this programme are mainly used for translating the Vuk'uzenzele newspaper into the 11 official languages and Braille, and assisting in the production of the South African Yearbook and other departmental publications and media products. Spending on consultants is expected to increase over the medium term to provide additional capacity for translation services.

The department reprioritised funds of R5.6 million over the medium term, mainly from expenditure on compensation of employees in the *Policy and Research* and *Products and Platforms* subprogrammes, to the Administration programme. Efficiency measures that will be implemented to ensure minimal negative impact on service delivery include limiting hotel accommodation, air travel and car-hire expenses and using the head office instead of private venues for meetings.

## **Programme 3: Intergovernmental Coordination and Stakeholder Management**

### **Objectives**

- Implement a proactive media engagement system by building, maintaining and improving relations with the media and driving the communication agenda of government in the communication of policies, programmes, plans, as well as achievements and challenges, on an ongoing basis.
- Maintain and strengthen a well functioning communication system that proactively informs and engages the public by:
  - aligning messages across the three spheres of government to ensure coherence through the coordination of national, provincial and district communication forums as and when required
  - undertaking community and stakeholder liaison visits on an ongoing basis and developing communication campaigns as and when required
  - improving interdepartmental coordination and planning across the three spheres of government to ensure coherence through the coordination of national, provincial and district communication forums as and when required
  - coordinating a proactive imbizo public participation programme of political principals, including the president and deputy president, throughout the year and during imbizo focus weeks.
- Ensure the centrality of government's voice in the media by driving and participating in a daily rapid response system that analyses and recommends proactive and reactive communication on issues in the national and international environment.
- Provide communication support in the parliamentary precinct by distributing parliamentary questions and programmes, and providing support for media briefings weekly.
- Address the communication and information needs of communities through monthly community and stakeholder liaison visits, information sessions and communication interventions.
- Improve access to government services and information by implementing marketing and promotion drives of the Thusong service centre programme at the local government level on an ongoing basis.

### **Subprogrammes**

- *Programme Management for Intergovernmental Coordination and Stakeholder Management* ensures a well functioning communication system that proactively informs and engages the public. This entails managing and overseeing roles regarding the implementation of development communication by building sound stakeholder relations and partnerships, and ensuring that the public is informed about government policies and programmes. Key outputs in 2012/13 and 2013/14 included communication campaigns and programmes, community and stakeholder liaison visits and the provision of leadership in key cluster programmes. This subprogramme had a staff complement of 3 at the end of November 2013.
- *Provincial and Local Liaison* ensures that the national communication strategy is presented to all provinces and aligned with provincial and local communication strategies. Key functions include the cascading of the national communication strategic framework down to provincial and local stakeholders and partners, and implementing development communication campaigns and programmes aligned with the government communication programme. In the first half of 2013/14, 209 communication system forums were supported; 81 communicators and local government principals were trained in communication skills, and 10 local municipalities were supported in developing communication strategies. At the end of November 2013, there were 178 Thusong service centres in operation. Over the medium term, communication on how these centres can meet the public's information needs will be intensified. This subprogramme had a staff complement of

135 with 1 vacancy at the end of November 2013.

- *Media Engagement* promotes and facilitates effective communication between government and the media. This includes the strategic influencing of the media agenda through a robust, proactive and efficient rapid response system to ensure that government messages are communicated to the public. The subprogramme leads and drives the communication of government's programme of action and policies by building, maintaining and strengthening relations with the media. Key outputs and activities include cluster media briefings; coordinating government engagement with the South African National Editors' Forum, the Foreign Correspondents' Association and the Press Gallery Association; and managing the communication implications arising from parliamentary questions. By the end of November 2013, 526 media engagements had been facilitated and 228 rapid response reports had been produced. This subprogramme had a staff complement of 22 with 2 vacancies at the end of November 2013.
- *Media Development and Diversity Agency* funds the Media Development and Diversity Agency in the form of a transfer payment to enable the entity to fulfil its purpose of promoting local media development and diversity.
- *Cluster Supervision (Human Development, Social Protection and Governance and Administration)* provides strategic cluster communication advice and support to national departments and leadership on key cluster communication issues and campaigns, coordinates Cabinet cluster communications and the development of the government communications programme, and develops communication strategies and key messages for the campaigns of the human development, social protection, and governance and administration clusters. This subprogramme had a staff complement of 8 with 2 vacancies at the end of November 2013.
- *Cluster Supervision (Economic and Infrastructure, Justice and International)* provides strategic communication advice to the economic and infrastructure, justice and international clusters; supports national departments and provides leadership on key cluster communication issues and campaigns; coordinates Cabinet cluster communications; and develops communication strategies and key messages for the campaigns of the clusters. This subprogramme had a staff complement of 7 with 1 vacancy at the end of November 2013.
- In 2012/13, both *Cluster Supervision* subprogrammes presented, within their respective clusters, the national communication strategy to 14 departments and all heads of government communications; attended 113 communication meetings across the country; and assisted 28 public entities in implementing strategic principles. Over the medium term, the internal communication plan in departments in these clusters will be reviewed and the functioning of the internal communicators forum will be reported on. Communication strategies aligned with the government communication strategy and the government communicators programme will also be developed and 4 high level strategic meetings will be convened.

## Expenditure estimates

**Table 9.9 Intergovernmental Coordination and Stakeholder Management**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Programme Management for Intergovernmental Coordination and Stakeholder Management	1.6	6.2	2.1	2.3	12.9%	2.7%	2.4	2.6	2.7	5.9%	2.0%
Provincial and Local Liaison	69.5	72.3	72.1	69.0	-0.2%	62.6%	73.5	77.1	81.9	5.9%	60.0%
Media Engagement	9.7	12.3	12.8	13.9	12.9%	10.8%	14.4	15.1	16.0	5.0%	11.8%
Media Development and Diversity Agency	17.3	19.1	20.0	20.8	6.4%	17.1%	21.8	22.6	23.8	4.6%	17.7%
Cluster Supervision (Human Development, Social Protection and Governance and Administration)	-	-	14.9	7.7	-	5.0%	4.9	5.2	5.5	-10.5%	4.7%
Cluster Supervision (Economic and Infrastructure, Justice and International)	-	-	3.8	4.6	-	1.9%	4.6	4.8	5.1	4.1%	3.8%
<b>Total</b>	<b>98.0</b>	<b>110.0</b>	<b>125.8</b>	<b>118.2</b>	<b>6.5%</b>	<b>100.0%</b>	<b>121.7</b>	<b>127.4</b>	<b>135.2</b>	<b>4.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(1.7)			(0.6)	(0.3)	(0.3)		

**Table 9.9 Intergovernmental Coordination and Stakeholder Management**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Current payments</b>	<b>79.7</b>	<b>88.5</b>	<b>104.7</b>	<b>97.2</b>	<b>6.8%</b>	<b>81.9%</b>	<b>99.3</b>	<b>104.6</b>	<b>111.1</b>	<b>4.6%</b>	<b>82.0%</b>
Compensation of employees	55.3	59.0	63.9	67.8	7.0%	54.4%	71.5	75.9	80.9	6.1%	58.9%
Goods and services	24.4	29.6	40.8	29.4	6.4%	27.5%	27.7	28.7	30.2	0.9%	23.1%
of which:											
Operating leases	0.3	0.3	0.4	0.6	28.3%	0.3%	0.6	0.6	0.6	2.9%	0.5%
Travel and subsistence	7.3	9.1	9.5	8.3	4.5%	7.6%	8.7	9.0	9.5	4.4%	7.1%
Operating payments	0.7	2.1	3.1	2.5	50.5%	1.9%	2.6	2.9	3.0	6.6%	2.2%
<b>Transfers and subsidies</b>	<b>17.4</b>	<b>19.1</b>	<b>20.3</b>	<b>20.9</b>	<b>6.2%</b>	<b>17.2%</b>	<b>21.8</b>	<b>22.6</b>	<b>23.8</b>	<b>4.4%</b>	<b>17.7%</b>
Departmental agencies and accounts	17.3	19.1	20.0	20.8	6.4%	17.1%	21.8	22.6	23.8	4.6%	17.7%
Households	0.1	0.0	0.3	0.1	-8.6%	0.1%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>0.7</b>	<b>2.3</b>	<b>0.8</b>	<b>0.2</b>	<b>-36.0%</b>	<b>0.9%</b>	<b>0.6</b>	<b>0.2</b>	<b>0.3</b>	<b>10.7%</b>	<b>0.2%</b>
Machinery and equipment	0.7	2.3	0.8	0.2	-36.0%	0.9%	0.6	0.2	0.3	10.7%	0.2%
<b>Payments for financial assets</b>	<b>0.2</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>98.0</b>	<b>110.0</b>	<b>125.8</b>	<b>118.2</b>	<b>6.5%</b>	<b>100.0%</b>	<b>121.7</b>	<b>127.4</b>	<b>135.2</b>	<b>4.6%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>27.8%</b>	<b>32.0%</b>	<b>31.7%</b>	<b>27.0%</b>			<b>29.5%</b>	<b>29.6%</b>	<b>29.6%</b>		

**Details of selected transfers and subsidies**

Households											
Social benefits											
Current											
Employee social benefits	0.1	0.0	0.3	0.1	-8.6%	0.1%	-	-	-	-100.0%	-
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current											
Media Development and Diversity Agency	17.3	19.1	20.0	20.8	6.4%	17.1%	21.8	22.6	23.8	4.6%	17.7%

**Personnel information****Table 9.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Intergovernmental Coordination and Stakeholder Management	Number of posts estimated for 31 March 2014	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
				Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost	
Salary level	175	-	-	172	63.9	0.4	175	66.1	0.4	175	71.5	0.4	175	75.9	0.4	175	80.9	0.5	-	100.0%
1 - 6	31	-	-	28	4.6	0.2	31	5.3	0.2	31	5.8	0.1	31	6.1	0.1	31	6.5	0.1	35.4%	17.7%
7 - 10	100	-	-	104	31.5	0.3	100	30.6	0.3	100	34.2	0.5	100	36.3	0.5	100	38.7	0.5	-8.7%	57.1%
11 - 12	23	-	-	20	10.7	0.5	23	11.9	0.5	23	12.7	0.7	23	13.4	0.8	23	14.3	0.8	-9.6%	13.1%
13 - 16	21	-	-	20	17.2	0.9	21	18.3	0.9	21	18.9	3.8	21	20.0	4.0	21	21.3	4.3	-38.0%	12.0%

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

2. Rand million.

**Expenditure trends**

The spending focus over the medium term will be on ensuring that provincial and local government departments and entities are aligned with the government communication strategy in order to maintain and strengthen a well-functioning communication system that proactively informs and engages the public. This is primarily the task of the *Provincial and Local Liaison* subprogramme, which uses 60 per cent of the programme's allocation over the medium term. With these funds, the programme expects to conduct 2 750 community and stakeholder liaison visits and 1 860 community media and outreach platforms each year over the medium term, and make more effective use of community media platforms linked especially to the public participation programmes of the president, deputy president and members of the executive. The aim is to increase the reach of citizens from all areas and living standards measure groups.

Expenditure increased between 2010/11 and 2013/14 mainly due to a once-off allocation of R10 million for advertising and communication in 2012/13 related to the preparations for the 2013 Africa Cup of Nations as

well as advertising activities related to the country's hosting of the African Nations Championships, which took place in the first quarter of 2014.

To address the information and communication needs of communities, the programme received annual allocations of R5 million until 2012/13 towards the first generation Thusong service centres to improve access to government services and information. The first generation Thusong service centres project was discontinued in 2013/14 as the funding for the clean-up of these centres was allocated until 2012/13.

In 2012/13, the department conducted 3 588 community and stakeholder liaison visits and 3 010 development communication projects, distributed 1.6 million communication packages, compiled 519 reports on marketing and promotion events for Thusong service centres, facilitated rapid response reports and promoted and facilitated the media's understanding of government's agenda. Allocations towards these activities were mainly spent on compensation of employees and travel and subsistence. Travelling expenditure comprises approximately 30 per cent of the operational budget allocation for the *Provincial and Local Liaison* subprogramme. The number of personnel in this programme is expected to increase from 172 in 2012/13 to 175 by 2016/17, mainly due to the filling of vacant posts. There were 6 vacant posts at the end of November 2013 as a result of resignations and transfers to other government departments. The vacancies are in the process of being filled.

The department reprioritised funds of R1 million over the medium term, mainly from expenditure on compensation of employees from the Media Engagement and the *Cluster Supervision (Economic and Infrastructure, Justice and International)* subprogrammes to the *Cluster Supervision (Human Development, Social Protection and Governance and Administration)* subprogramme. Efficiency measures that will be implemented to ensure minimal negative impact on service delivery include limiting hotel accommodation, air travel and car-hire expenses, and using the head office instead of private venues for meetings.

The department has also reprioritised funds of R5.2 million over the medium term from spending on travel and subsistence to spending on fleet services, including government vehicle transport. The reprioritisation provides for the travel needs of communication officers conducting outreach communication programmes.

Expenditure in the *Media Development and Diversity Agency* subprogramme is expected to increase over the medium term to cover the agency's operations going forward.

## **Programme 4: Communication Service Agency**

### **Objectives**

- Provide effective and efficient communication services through:
  - cost effective media bulk-buying services for government by implementing all approved media-buying campaigns
  - the production of high quality television commercials, video footage, photographs, radio commercials and programmes, print advertisements and graphic designs for client departments as and when required
  - the provision of effective and efficient marketing and distribution services for government, which includes conducting nine public sector manager forums annually over the MTEF period.
- Maintain a positive image of government and that of the state through managing government's corporate identity by conducting 10 corporate identity workshops annually over the MTEF period.
- Inform the public of government's programmes and developments by conducting phone-in radio programmes on government's programmes, and documenting the public programmes of the Presidency, both domestically and internationally, on video and in photographs to profile the work of government as and when required.
- Ensure that government's communication products reach the intended audience in a timely manner by providing distribution services as and when needed.

## Subprogrammes

- *Programme Management for Communication Service Agency* provides strategic leadership in advertising communication development and production. This entails the management and strategic direction of media buying, media production, and marketing and distribution services provided to government. Key activities in 2013/14 included expanding media bulk buying services to include recruitment advertising, accelerating the conversion of analogue video archives to digital format, and the implementation of corporate identity management compliance systems.
- *Marketing, Advertising and Media Buying* provides media buying expertise and develops effective marketing, distribution and public relations and event management strategies for the department's products; manages and drives the distribution strategy of all the products produced for dissemination to the public; oversees the outsourcing of distribution services to service providers; and manages the corporate identity of government. In 2012/13, R11.3 million was used for operating expenses, such as the distribution costs of the Vuk'uzenzele newspaper and the South Africa Yearbook. In 2013/14, operating expenses covered the publication portfolio distribution costs. In 2014/15, marketing and distribution campaigns will be conducted and government print information products will be distributed on a monthly basis. This subprogramme had a staff complement of 23 with 5 vacant posts at the end of November 2013.
- *Media Production* provides for the production of videos, photographs and radio programmes in support of government communication programmes; and provides product development services to government. In 2012/13, 327 events were documented photographically, 258 events were documented on video, 205 radio programmes and live satellite broadcast link-ups were produced and 254 design products were completed. In 2013/14, concerted efforts were under way to digitise historical video footage and expand the network of syndicated community radio stations. In 2014/15, key activities and outputs are expected to be corporate identity management, graphic design, video production, photographs and the production of radio content for government communication programmes, the distribution of parliamentary media briefings, the facilitation of ministerial talk shows on community radio stations, and the production of audio material for use on websites. This subprogramme had a staff complement of 32 at the end of November 2013.

## Expenditure estimates

**Table 9.11 Communication Service Agency**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Marketing, Advertising and Media Buying	46.5	17.0	32.6	29.0	-14.5%	63.2%	28.6	29.7	31.5	2.7%	57.5%
Media Production	15.2	19.6	19.0	19.2	8.2%	36.8%	21.5	22.8	24.2	8.0%	42.5%
<b>Total</b>	<b>61.6</b>	<b>36.6</b>	<b>51.5</b>	<b>48.2</b>	<b>-7.8%</b>	<b>100.0%</b>	<b>50.1</b>	<b>52.5</b>	<b>55.6</b>	<b>4.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				1.0			0.4	0.4	0.4		
<b>Economic classification</b>											
<b>Current payments</b>	<b>60.7</b>	<b>35.1</b>	<b>50.8</b>	<b>46.6</b>	<b>-8.4%</b>	<b>97.6%</b>	<b>48.6</b>	<b>51.0</b>	<b>54.0</b>	<b>5.0%</b>	<b>97.0%</b>
Compensation of employees	13.8	16.3	19.8	20.4	14.1%	35.5%	22.3	23.7	25.2	7.3%	44.4%
Goods and services	46.9	18.8	31.0	26.2	-17.6%	62.1%	26.3	27.4	28.8	3.2%	52.6%
of which:											
Computer services	0.3	0.0	0.4	0.4	17.5%	0.5%	0.4	0.4	0.4	-0.4%	0.8%
Operating leases	0.0	0.1	0.1	0.1	21.5%	0.2%	0.0	0.0	0.0	-32.0%	0.1%
Travel and subsistence	3.6	4.4	4.8	4.1	3.8%	8.6%	3.3	3.6	3.7	-2.7%	7.1%
Operating payments	0.4	0.4	11.3	13.4	223.0%	12.9%	11.4	11.7	12.4	-2.7%	23.7%
<b>Transfers and subsidies</b>	<b>-</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>
Households	-	0.0	0.1	0.1	-	0.1%	-	-	-	-100.0%	0.1%
<b>Payments for capital assets</b>	<b>0.9</b>	<b>1.5</b>	<b>0.6</b>	<b>1.4</b>	<b>15.2%</b>	<b>2.3%</b>	<b>1.5</b>	<b>1.5</b>	<b>1.6</b>	<b>3.9%</b>	<b>3.0%</b>
Machinery and equipment	0.9	1.5	0.6	1.2	8.4%	2.1%	1.3	1.3	1.3	4.1%	2.5%
Software and other intangible assets	-	-	0.0	0.2	-	0.1%	0.3	0.2	0.3	3.0%	0.5%
<b>Payments for financial assets</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>61.6</b>	<b>36.6</b>	<b>51.5</b>	<b>48.2</b>	<b>-7.8%</b>	<b>100.0%</b>	<b>50.1</b>	<b>52.5</b>	<b>55.6</b>	<b>4.9%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>17.5%</b>	<b>10.7%</b>	<b>13.0%</b>	<b>11.0%</b>			<b>12.1%</b>	<b>12.2%</b>	<b>12.2%</b>		

## Personnel information

**Table 9.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual 2012/13			Revised estimate 2013/14			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
								2014/15			2015/16			2016/17					
Communication Service Agency		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
Salary level	55	4	50	19.8	0.4	55	21.0	0.4	55	22.3	0.4	55	23.7	0.4	55	25.2	0.5	-	100.0%
1 – 6	13	3	11	3.2	0.3	13	3.0	0.2	13	2.6	0.2	13	2.7	0.2	13	2.9	0.2	-	23.6%
7 – 10	25	1	24	7.1	0.3	25	8.7	0.3	25	9.1	0.4	25	9.7	0.4	25	10.3	0.4	-	45.5%
11 – 12	13	-	10	5.7	0.6	13	6.4	0.5	13	7.1	0.5	13	7.6	0.6	13	8.1	0.6	-	23.6%
13 – 16	4	-	5	3.8	0.8	4	2.9	0.7	4	3.5	0.9	4	3.7	0.9	4	4.0	1.0	-	7.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on consolidating the media production, media bulk buying and advertising agency functions for government departments. This includes: buying media for campaigns; producing radio advertisements and dramas, video programmes and live broadcasts on community radio stations; and providing photographic coverage and cost effective and efficient electronic media products and services. To support these objectives, funds are mainly allocated to compensation of employees, advertising, travel and subsistence and operating payments. The expected increase in spending on operating payments in 2016/17 is mainly due to an increase in costs related to the distribution of the Vuk'uzenzele newspaper and the South African Yearbook. Expenditure in this programme is expected to increase marginally over the medium term mainly to cater for allocations for improved conditions of service and other inflation related adjustments.

Expenditure for advertising in the *Marketing, Advertising and Media Buying* subprogramme decreased between 2010/11 and 2013/14 mainly due to the cancellation of the energy efficiency campaign in 2010/11 and the conclusion of the CNBC Africa communication programmes. Expenditure on compensation of employees increased over the same period, as a result of an increased staff complement. The increase in programme capacity was aimed at implementing the media bulk buying strategy adopted by Cabinet and distributing more copies of the Vuk'uzenzele newspaper. The allocation for the *Marketing, Advertising and Media Buying* subprogramme will allow the department to spend a projected R4.7 million on designing print advertisements for various communication campaigns in 2013/14. Approximately 20.5 million copies of departmental publications were distributed in 2012/13 at a total cost of R11.1 million and R11.2 million communication packages had been produced by the end of September 2013. It is expected that the distribution costs for departmental publications and products will amount to R13 million by the end of 2013/14. The Media Production subprogramme documented the local and international public programmes of the president and deputy president and sent photographs of all presidential events to a range of print media publications in 2013/14. Travel and subsistence is the main cost driver in rendering this service and is expected to amount to R4.1 million at the end of 2013/14.

In addition, as more services were provided to other government departments, increases are also expected in video, photography, radio products and services, as well as in graphic designs of print products.

The number of personnel in this programme is expected to increase from 50 in 2012/13 to 55 by 2016/17, mainly due to the filling of vacant posts. There were 5 vacant posts at the end of November 2013 as a result of resignations and transfers to other government departments. These posts are in the process of being filled. The allocation will increase by R1.2 million over the medium term. The projected growth in expenditure on compensation of employees over the same period will be driven largely by improvements in conditions of service. The personnel in this programme are mainly being remunerated for marketing, advertising, photography, video, and graphic design skills.

The department reprioritised funds of R1.2 million over the medium term, mainly to the *Media Production* subprogramme. The reprioritisation increased compensation of employees and contractors. Spending on travel

and subsistence was reduced by R5.2 million to increase the allocation for community radio stations to broadcast government messages such as Talk to your Minister radio shows and the state of the nation address. Efficiency measures that will be implemented to ensure that there is minimal negative impact on service delivery include limiting hotel accommodation, air travel and car-hire expenses and using the head office instead of private venues for meetings.

## **Public entities and other agencies**

- The **Media Development and Diversity Agency** promotes media development and diversity to ensure that all citizens can access information in a language of their choice and to transform media access, ownership and control patterns in South Africa. The entity's total budget for 2014/15 is R57.696 million.

**Additional table: Summary of expenditure on infrastructure**

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2013/14	Medium-term expenditure estimate		
				2010/11	2011/12		2012/13	2014/15	2015/16
<b>Departmental infrastructure</b>									
Office space for GCIS Head Office	Office space not exceeding 20 000 square metre	Hand over	43.4	-	-	22.3	-	-	-
Office space for GCIS Head Office	Office space not exceeding 20 000 square metre	Hand over	66.6	-	-	30.5	-	-	-
<b>Total</b>			<b>110.0</b>	<b>-</b>	<b>-</b>	<b>52.8</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Vote 10

## National Treasury

### Budget summary

R million	2014/15					2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
<b>MTEF allocation</b>							
Administration	343.1	335.9	2.1	5.2	–	360.5	382.2
Economic Policy, Tax, Financial Regulation and Research	138.9	110.9	27.6	0.4	–	146.3	155.7
Public Finance and Budget Management	262.8	221.9	39.5	1.4	–	276.7	295.1
Asset and Liability Management	3 342.1	89.9	–	0.2	3 252.0	3 117.9	99.6
Financial Accounting and Supply Chain Management Systems	761.6	497.9	86.0	177.7	–	790.5	865.8
International Financial Relations	1 179.8	35.1	826.1	0.1	318.5	1 235.2	1 302.3
Civil and Military Pensions, Contributions to Funds and Other Benefits	3 717.8	55.6	3 662.2	–	–	3 962.9	4 173.2
Technical Support and Development Finance	3 712.2	223.7	3 488.0	0.5	–	3 206.9	3 384.0
Revenue Administration	9 440.3	–	9 440.3	–	–	9 898.7	10 508.9
Financial Intelligence and State Security	4 366.3	–	4 366.3	–	–	4 524.8	4 773.0
<b>Subtotal</b>	<b>27 265.0</b>	<b>1 570.9</b>	<b>21 938.1</b>	<b>185.5</b>	<b>3 570.5</b>	<b>27 520.5</b>	<b>25 939.8</b>
<b>Direct charge against the National Revenue Fund</b>							
Provincial equitable share	362 468.1	–	362 468.1	–	–	387 967.5	412 038.8
State debt costs	114 900.5	114 900.5	–	–	–	126 646.8	139 200.6
General fuel levy sharing with metropolitan municipalities	10 190.2	–	10 190.2	–	–	10 658.9	11 223.8
<b>Total expenditure estimates</b>	<b>514 823.8</b>	<b>116 471.4</b>	<b>394 596.3</b>	<b>185.5</b>	<b>3 570.5</b>	<b>552 793.7</b>	<b>588 403.1</b>

Executive authority Minister of Finance  
 Accounting officer Director General of the National Treasury  
 Website address [www.treasury.gov.za](http://www.treasury.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Support economic growth and development, good governance, social progress and rising living standards through the accountable, economical, efficient, equitable and sustainable management of public finances, maintenance of macroeconomic and financial sector stability, and effective financial regulation of the economy.*

### Mandate

The National Treasury's legislative mandate is based on chapter 13, section 216 (1) of the Constitution, which calls for the establishment of a national treasury to ensure transparency, accountability and sound financial controls in the management of the country's public finances. This role is further elaborated in the Public Finance Management Act (1999). The department is mandated to:

- promote the national government's fiscal policy and the coordination of its macroeconomic policy
- ensure the stability and soundness of the financial system and financial services
- coordinate intergovernmental financial and fiscal relations
- manage the budget preparation process
- enforce transparency and effective management in respect of revenue and expenditure, assets and liabilities, public entities, and constitutional institutions.

## Strategic goals

The department's strategic goals over the medium term are to:

- prepare, finance, publish and monitor the execution of the annual national budget to provide accurate and clear financial information and associated indicators of service delivery and performance
- improve techniques employed to monitor and analyse public expenditure by further refining applicable financial management frameworks and policies to ensure the appropriate use of available public financial resources for social and economic development, and infrastructure investment
- contribute to improved financial management, infrastructure development, and public sector planning and organisation through various technical assistance and skills development programmes
- contribute to the development of a stable and robust financial sector that leads to continued economic stability and growth by continuing to monitor financial sector performance and developing financial sector policies and regulatory frameworks
- support infrastructure and urban development through various programmes, including the infrastructure development improvement programme, the neighbourhood development partnership programme and the cities support programme
- promote public private partnerships as a financing alternative for development, where feasible
- enhance supply chain management in government through the chief procurement office, which will provide a blueprint for addressing supply chain principles in order to reduce waste and maximise value in the public sector.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide strategic management, leadership and administrative support to the department, and capacity building.

### Programme 2: Economic Policy, Tax, Financial Regulation and Research

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

### Programme 3: Public Finance and Budget Management

**Purpose:** Provide analysis and advice on fiscal policy and public finances, intergovernmental financial relations, expenditure planning and priorities. Manage government's annual budget process and provide public finance management support.

### Programme 4: Asset and Liability Management

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

### Programme 5: Financial Accounting and Supply Chain Management Systems

**Purpose:** Facilitate governance and accountability by promoting and enforcing transparent, economic and effective management of revenue, expenditure, assets, liabilities and supply chain processes in the public sector.

### Programme 6: International Financial Relations

**Purpose:** Manage South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and Africa.

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

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

## Programme 8: Technical Support and Development Finance

**Purpose:** Provide specialised infrastructure development planning, and implementation support and technical assistance, to aid capacity building in the public sector.

## Programme 9: Revenue Administration

**Purpose:** Administer an efficient tax system, provide tax education to the public, ensure maximum compliance with tax and customs legislation, and provide a customs service to maximise revenue collection and facilitate trade.

## Programme 10: Financial Intelligence and State Security

**Purpose:** Combat financial crime, including money laundering and terror financing activities. Gather intelligence for the purpose of national security, defence and combating crime.

## Selected performance indicators

Table 10.1 National Treasury

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Net loan debt as a percentage of gross domestic product	Asset and Liability Management	Outcome 4: Decent employment through inclusive economic growth	29.8% (R820.4bn)	33.2% (R989.7bn)	36.9% (R1 181.5bn)	39.5% (R1 376.7bn)	41.9% (R1 589.2bn)	43.5% (R1 804.8bn)	44.4% (R2 019.4bn)
Value of government gross annual borrowing	Asset and Liability Management		R149.5bn	R163.7bn	R209.8bn	R211bn	R230bn	R207.8bn	R222.8bn
Cost to service debt as a percentage of GDP	Asset and Liability Management		2.4% (R66.2bn)	2.6% (R76.5bn)	2.8% (R88.1bn)	2.9% (R100.5bn)	3.0% (R114.9bn)	3.1% (R126.6bn)	3.1% (R139.2bn)
Number of training courses and workshops presented on the implementation of financial management reforms per year	Financial Systems and Accounting	Outcome 12: An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship	100	46	72	40	40	43	45
Number of individuals trained per year to assist with the implementation of financial management reforms	Financial Systems and Accounting		2 000	3 142	3 547	700 <sup>2</sup>	700	760	750
Percentage of identified transversal contracts with strategic sourcing principles introduced per year	Financial Systems and Accounting		100% (20)	59% (19)	70% (14)	100% (19)	100% (15)	100% (20)	100% (15)
Total number of neighbourhood development partnership grant projects under construction	Technical Support and Development Finance	Outcome 9: A responsive, accountable, effective and efficient local government system	67	70	86	90	40	40	50
Total third party investment leveraged	Technical Support and Development Finance	Outcome 8: Sustainable human settlements and improved quality of household life	- <sup>1</sup>	- <sup>1</sup>	R1.5bn	R2bn	R2.5bn	R3bn	R3.5bn
Total number of projects approved	Technical Support and Development Finance	Outcome 4: Decent employment through inclusive economic growth	- <sup>1</sup>	- <sup>1</sup>	54	90	120	150	150
Number of training placements contracted with private companies per year	Technical Support and Development Finance		- <sup>1</sup>	- <sup>1</sup>	105 499	120 000	150 000	180 000	180 000
New jobs contracted for with projects per year	Technical Support and Development Finance		- <sup>1</sup>	- <sup>1</sup>	65 121	24 879	30 000	30 000	- <sup>3</sup>

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

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

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

## The national development plan

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

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

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

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

- The national development plan emphasises the need to address the country's distorted spatial legacy. To this end, the neighbourhood development partnership programme through its grant funding has provided support to projects that have delivered transport infrastructure that connects rural and urban spaces to facilitate an environment for improved economic activity.
- Newly established as a unit within National Treasury, the government technical assistance centre will play a critical role in providing technical skills to deliver the infrastructure projects in provinces mainly for the departments of health, education and public works. In support of the *Technical Support and Development Finance* programme's objectives, medium term outputs will include the provision of technical implementation support to cities and relevant national departments as part of rolling out of the cities support programme. The programme aims to enable cities to manage their built environment and ensure that all member departments of the infrastructure development improvement programme implement the principles of sound infrastructure lifestyle of planning and maintenance. These activities contribute to the national development plan's aim of infrastructure development.
- The newly established office of the chief procurement officer, a division within National Treasury, aims to improve and modernise the procurement system across government and related organs to make the system fair, equitable, transparent, competitive and cost effective. The office also participates in the interdepartmental anti-corruption task team and plays an instrumental role in enforcing compliance with government's supply chain management strategies. These activities bolster the national development plan's intention of combating corruption in the public sector.

## Expenditure estimates

Table 10.2 National Treasury

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

### Economic classification

<b>Current payments</b>	<b>67 227.2</b>	<b>77 653.4</b>	<b>89 378.8</b>	<b>101 940.4</b>	<b>102 669.8</b>	<b>15.2%</b>	<b>20.0%</b>	<b>116 471.4</b>	<b>128 274.7</b>	<b>140 932.1</b>	<b>11.1%</b>	<b>22.9%</b>
Compensation of employees	476.2	537.1	589.7	659.5	639.0	10.3%	0.1%	764.9	809.9	863.2	10.5%	0.1%
Goods and services	524.2	656.3	667.9	796.4	774.9	13.9%	0.2%	806.0	817.9	868.3	3.9%	0.2%
<i>of which:</i>												
Computer services	201.7	208.9	227.7	272.5	274.3	10.8%	0.1%	264.0	267.0	285.0	1.3%	0.1%
Consultants and professional services: Business and advisory services	151.9	226.0	243.8	271.2	262.3	20.0%	0.1%	287.2	292.9	303.2	4.9%	0.1%
Operating leases	42.4	38.6	41.0	47.7	47.4	3.8%	0.0%	48.8	52.6	55.7	5.5%	0.0%
Travel and subsistence	37.0	40.1	48.1	56.3	56.8	15.4%	0.0%	50.9	52.5	55.6	-0.7%	0.0%
Interest and rent on land	66 226.8	76 460.0	88 121.1	100 484.5	101 255.9	15.2%	19.7%	114 900.5	126 646.8	139 200.6	11.2%	22.6%
<b>Transfers and subsidies</b>	<b>288 949.5</b>	<b>319 389.5</b>	<b>340 972.7</b>	<b>368 941.5</b>	<b>368 942.5</b>	<b>8.5%</b>	<b>78.2%</b>	<b>394 596.3</b>	<b>421 007.6</b>	<b>446 938.5</b>	<b>6.6%</b>	<b>76.5%</b>
Provinces and municipalities	273 878.2	302 560.4	323 111.8	349 711.5	349 711.5	8.5%	74.1%	374 058.0	400 091.4	424 820.8	6.7%	72.7%
Departmental agencies and accounts	11 804.4	12 742.7	13 396.8	13 977.2	13 977.2	5.8%	3.1%	14 069.4	14 699.0	15 566.4	3.7%	2.7%
Higher education institutions	-	-	9.0	10.0	10.0		0.0%	5.8	6.2	-	-100.0%	0.0%
Foreign governments and international organisations	501.1	585.8	628.2	771.5	771.6	15.5%	0.1%	828.3	904.3	963.1	7.7%	0.2%
Public corporations and private enterprises	106.0	250.7	655.5	1 024.6	1 024.6	113.0%	0.1%	1 973.3	1 395.1	1 469.1	12.8%	0.3%
Non-profit institutions	-	0.1	-	-	-		0.0%	-	-	-	-	-
Households	2 659.8	3 249.9	3 171.4	3 446.7	3 447.6	9.0%	0.7%	3 661.6	3 911.6	4 119.1	6.1%	0.7%
<b>Payments for capital assets</b>	<b>178.3</b>	<b>88.6</b>	<b>172.5</b>	<b>199.5</b>	<b>195.9</b>	<b>3.2%</b>	<b>0.0%</b>	<b>185.5</b>	<b>191.0</b>	<b>229.7</b>	<b>5.4%</b>	<b>0.0%</b>
Buildings and other fixed structures	-	-	0.6	5.0	-		0.0%	-	-	-	-	-
Machinery and equipment	8.6	9.1	19.3	28.3	29.7	51.3%	0.0%	11.4	10.7	12.4	-25.3%	0.0%
Software and other intangible assets	169.7	79.6	152.6	166.2	166.2	-0.7%	0.0%	174.1	180.3	217.3	9.3%	0.0%
<b>Payments for financial assets</b>	<b>21 618.4</b>	<b>2 387.5</b>	<b>3 258.9</b>	<b>3 385.5</b>	<b>3 671.7</b>	<b>-44.6%</b>	<b>1.8%</b>	<b>3 570.5</b>	<b>3 320.4</b>	<b>302.8</b>	<b>-56.5%</b>	<b>0.5%</b>
<b>Total</b>	<b>377 973.4</b>	<b>399 519.0</b>	<b>433 782.8</b>	<b>474 466.9</b>	<b>475 479.9</b>	<b>8.0%</b>	<b>100.0%</b>	<b>514 823.8</b>	<b>552 793.7</b>	<b>588 403.1</b>	<b>7.4%</b>	<b>100.0%</b>

## Personnel information

Table 10.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

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

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

2. Rand million.

## Expenditure trends

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

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

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

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

- R5 million per year over the medium term from transfers in the *Civil and Military Pensions, Contributions to Funds and Other Benefits* programme
- R601.8 million in 2014/15, R495.4 million in 2015/16 and R408.2 million in 2016/17 from the South African Revenue Service, as the entity was assessed to have sufficient cash surpluses as at March 2013 to enable it to continue its modernisation agenda
- R19 million in 2014/15, R18.7 million in 2015/16 and R18.4 million in 2016/17 from the common monetary area compensation due to anticipated lower Rand circulation in the participating countries

- R6 million in 2014/15, R6.3 million in 2015/16 and R6.6 million in 2016/17 from the former *Financial and Technical Support* subprogramme in order to bring its operations to a close
- R28.3 million in 2014/15, R28.4 million in 2015/16 and R3.7 million in 2016/17 from the department's operational expenditure for goods and services.

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

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

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

### Infrastructure spending

#### *Mega project: Neighbourhood development partnership grant projects*

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

The grant's capital investment reached R3.5 billion by 31 March 2014. This is allocated to projects as follows: 20.1 per cent to community facilities, 1.6 per cent to utility infrastructure, 1.6 per cent for green efficiencies, 37.5 per cent for nodal and corridor upgrading, 13.5 per cent for small and medium enterprise facilities, and 25.7 per cent for transport infrastructure. R2 billion has been allocated over the medium term for spending on neighbourhood development partnership infrastructure grants. In 2013/14, the neighbourhood development partnership had more than 280 approved project plans valued at R3.2 billion. By 2012/13, the partnership had completed 129 catalytic projects valued at R988 million.

The urban networks strategy model requires a transit orientated approach that integrates the townships with the wider urban fabric. In the Bridge City project in the Phoenix, Inanda, Ntuzuma and KwaMashu townships, the department worked closely with the Ethekewini metropolitan municipality. Between 2010 and 2013, the grant

contributed R80.3 million for the implementation of the Bridge City inter-modal facility. The value of Bridge City project is estimated at R5 billion.

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

### Large projects

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

## Departmental receipts

Table 10.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
<b>Departmental receipts</b>	<b>3 340 611</b>	<b>3 409 060</b>	<b>4 201 708</b>	<b>3 395 908</b>	<b>3 812 110</b>	<b>4.5%</b>	<b>32.0%</b>	<b>3 872 467</b>	<b>3 415 458</b>	<b>3 582 003</b>	<b>-2.1%</b>	<b>43.3%</b>
<b>Sales of goods and services produced by department</b>	<b>50 955</b>	<b>71 687</b>	<b>53 840</b>	<b>152 220</b>	<b>104 957</b>	<b>27.2%</b>	<b>0.6%</b>	<b>111 178</b>	<b>94 559</b>	<b>94 560</b>	<b>-3.4%</b>	<b>1.2%</b>
Sales by market establishments	92	91	99	100	180	25.1%	-	90	100	110	-15.1%	-
of which:												
Rental parking: Covered and open	92	91	96	100	180	25.1%	-	90	100	110	-15.1%	-
Access to information	-	-	3	-	-	-	-	-	-	-	-	-
Administration fees	13	5	4	10	10	-8.4%	-	10	10	10	-	-
of which:												
Required information: Duplicate certificate	13	5	4	10	10	-8.4%	-	10	10	10	-	-
Other sales	50 850	71 591	53 737	152 110	104 767	27.2%	0.6%	111 078	94 449	94 440	-3.4%	1.2%
of which:												
Commission: Insurance	55	63	68	73	10	-43.3%	-	70	60	50	71.0%	-
Directors fees	196	196	176	216	10	-62.9%	-	200	200	200	171.4%	-
Replacement of security cards	3	2	2	4	2	-12.6%	-	5	3	3	14.5%	-
Fees for government guarantee insurance	50 529	71 274	53 429	151 767	104 745	27.5%	0.6%	110 803	94 186	94 187	-3.5%	1.2%
Sales of assets less than R5 000	67	56	62	50	-	-100.0%	-	-	-	-	-	-
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>5</b>	<b>26</b>	<b>26</b>	<b>9</b>	<b>10</b>	<b>26.0%</b>	<b>-</b>	<b>12</b>	<b>10</b>	<b>11</b>	<b>3.2%</b>	<b>-</b>
of which:												
Waste paper	5	14	11	9	10	26.0%	-	12	10	11	3.2%	-
Departmental publications	-	12	15	-	-	-	-	-	-	-	-	-
<b>Interest, dividends and rent on land</b>	<b>2 609 482</b>	<b>2 861 771</b>	<b>3 245 937</b>	<b>2 163 139</b>	<b>2 547 103</b>	<b>-0.8%</b>	<b>24.4%</b>	<b>2 691 277</b>	<b>2 240 889</b>	<b>2 397 432</b>	<b>-2.0%</b>	<b>29.1%</b>
Interest	2 456 183	2 735 115	3 089 037	2 027 158	2 340 500	-1.6%	23.0%	2 501 500	2 028 500	2 176 500	-2.4%	26.7%
Dividends	153 299	126 656	156 900	135 981	206 603	10.5%	1.4%	189 777	212 389	220 932	2.3%	2.4%
of which:												
South African Reserve Bank	-	126 656	156 900	-	86 909	-	0.8%	70 000	70 000	70 000	-7.0%	0.9%
South African Special Risks Insurance Association	153 299	-	-	135 981	119 694	-7.9%	0.6%	119 777	142 389	150 932	8.0%	1.6%

Table 10.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2010/11 - 2013/14	2014/15		
R thousand												
<b>Sales of capital assets</b>	86	-	261	40	40	-22.5%	-	-	-	-	-100.0%	-
<b>Transactions in financial assets and liabilities</b>	680 083	475 576	901 644	1 080 500	1 160 000	19.5%	7.0%	1 070 000	1 080 000	1 090 000	-2.1%	13.0%
<b>National Revenue Fund receipts</b>	2 647 405	5 200 951	11 533 610	11 011 428	11 362 320	62.5%	66.7%	2 850 000	1 600 000	3 400 000	-33.1%	56.7%
<i>of which:</i>												
<i>Revaluation profits on foreign currency transactions</i>	86 524	640 938	939 005	5 003 000	5 664 542	303.0%	15.9%	2 850 000	1 600 000	3 400 000	-15.6%	39.9%
<i>Premiums on loan transactions</i>	1 689 646	3 483 031	10 541 967	5 932 000	5 615 035	49.2%	46.3%	-	-	-	-100.0%	16.6%
<i>Liquidation of South African Special Risks Insurance Association investment</i>	150 000	227 987	50 000	75 000	75 000	-20.6%	1.1%	-	-	-	-100.0%	0.2%
<i>Saambou Bank curatorship</i>	20 000	30 000	-	-	-	-100.0%	0.1%	-	-	-	-	-
<i>Profits on the Gold and Foreign Exchange Contingency Reserve Account</i>	-	794 283	-	-	-	-	1.7%	-	-	-	-	-
<i>Equalisation Fund account transfer</i>	700 000	-	-	-	-	-100.0%	1.5%	-	-	-	-	-
<i>Other</i>	1 235	24 712	2 638	1 428	7 743	84.4%	0.1%	-	-	-	-100.0%	-
<b>National Revenue Fund receipts</b>	600 000	-	-	-	-	-100.0%	1.3%	-	-	-	-	-
<i>of which:</i>												
<i>Rand block levy account</i>	600 000	-	-	-	-	-100.0%	1.3%	-	-	-	-	-
<b>Total</b>	6 588 016	8 610 011	15 735 318	14 407 336	15 174 430	32.1%	100.0%	6 722 467	5 015 458	6 982 003	-22.8%	100.0%

## Programme 1: Administration

### Expenditure estimates

Table 10.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16
R million												
Ministry	2.8	3.0	3.1	3.8	10.2%	1.1%	4.0	4.2	4.5	5.9%	1.1%	
Departmental Management	29.7	31.1	37.8	40.2	10.6%	12.0%	40.9	42.7	44.9	3.7%	11.7%	
Corporate Services	77.4	80.3	89.0	102.0	9.6%	30.2%	104.6	108.3	112.9	3.5%	29.7%	
Enterprise Wide Risk Management	15.3	17.5	25.6	32.5	28.5%	7.9%	23.9	25.0	26.5	-6.6%	7.5%	
Financial Administration	28.7	30.1	32.2	38.9	10.7%	11.2%	41.9	44.2	46.3	5.9%	11.9%	
Legal Services	11.7	12.4	15.7	16.9	12.9%	4.9%	18.1	19.1	20.3	6.3%	5.2%	
Internal Audit	9.3	9.5	15.7	21.9	32.9%	4.9%	14.8	15.6	17.3	-7.5%	4.8%	
Communications	7.5	7.1	9.6	9.3	7.7%	2.9%	10.1	10.5	11.1	6.0%	2.8%	
Office Accommodation	66.1	63.4	68.0	90.8	11.2%	24.9%	84.8	90.8	98.4	2.7%	25.3%	
<b>Total</b>	248.7	254.5	296.7	356.4	12.8%	100.0%	343.1	360.5	382.2	2.4%	100.0%	
Change to 2013 Budget estimate				14.7			(5.5)	3.9	4.1			

#### Economic classification

<b>Current payments</b>	242.7	245.6	279.8	327.1	10.5%	94.7%	335.9	353.6	375.2	4.7%	96.5%
Compensation of employees	108.8	116.5	132.5	146.8	10.5%	43.6%	168.8	178.8	190.5	9.1%	47.5%
Goods and services	133.9	129.1	147.3	180.3	10.4%	51.1%	167.0	174.8	184.6	0.8%	49.0%
<i>of which:</i>											
<i>Computer services</i>	20.3	21.2	23.1	19.6	-1.2%	7.3%	22.1	19.8	17.9	-3.0%	5.5%
<i>Consultants and professional services: Business and advisory services</i>	10.5	7.2	12.0	21.6	27.0%	4.4%	10.0	12.3	13.7	-14.2%	4.0%
<i>Operating leases</i>	41.2	37.5	39.6	45.4	3.2%	14.1%	46.4	50.1	53.3	5.5%	13.5%
<i>Travel and subsistence</i>	11.9	11.4	15.8	12.3	1.2%	4.4%	11.9	12.2	12.9	1.6%	3.4%
<b>Transfers and subsidies</b>	1.5	2.4	2.6	3.9	36.7%	0.9%	2.1	2.1	2.2	-17.6%	0.7%
Departmental agencies and accounts	0.4	0.5	0.5	2.1	71.4%	0.3%	0.5	0.5	0.6	-36.3%	0.3%
Households	1.1	1.9	2.1	1.8	17.0%	0.6%	1.6	1.6	1.6	-2.7%	0.5%
<b>Payments for capital assets</b>	4.2	6.5	14.3	25.4	81.6%	4.4%	5.2	4.7	4.8	-42.5%	2.8%
Buildings and other fixed structures	-	-	0.6	5.0	-	0.5%	-	-	-	-100.0%	0.3%
Machinery and equipment	4.2	6.5	13.7	20.4	68.8%	3.9%	5.2	4.7	4.8	-38.2%	2.4%
<b>Payments for financial assets</b>	0.2	0.0	0.0	-	-100.0%	-	-	-	-	-	-
<b>Total</b>	248.7	254.5	296.7	356.4	12.8%	100.0%	343.1	360.5	382.2	2.4%	100.0%
<b>Proportion of total programme expenditure to vote expenditure</b>	0.7%	1.2%	1.4%	1.4%			1.3%	1.3%	1.5%		

## Personnel information

**Table 10.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

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

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

2. Rand million.

## Expenditure trends

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

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

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

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

## Programme 2: Economic Policy, Tax, Financial Regulation and Research

### Objectives

- Improve South Africa's macroeconomic and microeconomic framework by conducting ongoing analytical work and research, and developing policy advisory services.
- Support the promotion of economic growth, employment and macroeconomic stability and retirement reform by:
  - developing tax policy proposals and supporting tax legislation for the annual budget

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

## Subprogrammes

- *Programme Management for Economic Policy, Tax, Financial Regulation and Research* provides overall programme management and policy advice to government relating to the promotion of economic growth, employment, and microeconomic and macroeconomic stability. In 2012/13 and 2013/14, transfers and subsidies in this subprogramme accounted for R10 million (51.7 per cent) and R9.9 million (39.4 per cent) of the total budget, with the bulk of the transfer payments allocated to Economic Research Southern Africa to conduct economic research. In 2013/14, legislation was published in the Government Gazette, the Taxation Laws Amendment Bill was published and electronic subscriptions to the Financial Times publication were managed. This subprogramme had a staff complement of 9 at the end of November 2013.
- *Research* promotes economic research institutions through the funding of economic research in the public interest, as well as more dedicated research on behalf of the department. This includes promoting the research capacity of local academic researchers in areas such as economic growth, job creation, macroeconomic stability, poverty alleviation, retirement reform and financial sector development. Most funding is for longer term agreements with institutions such as the Centre for Research into Economics and Finance in Southern Africa, and for ad-hoc economic research related projects. In 2012/13, R7.5 million was spent towards 61 Economic Research Southern Africa papers, which included research on the trade and industry policy, economic impacts of carbon taxation, the integrated resource plan and electricity pricing policy, and economic drivers of tax revenue. By the end of December 2013, 58 Economic Research Southern Africa papers had been published on topics such as the changes in South African retirement funds, with spending to support these activities amounting to R7.9 million. The subprogramme aims to publish a minimum of 44 papers on economic growth, job creation and various micro and macroeconomic subjects each year over the medium term.
- *Financial Sector Policy* is responsible for developing policy on the regulation of the financial sector in South Africa, developing policies to broaden access to financial services by all South Africans, and developing policies to improve the national savings rate through reforms to the legislative framework governing the savings industry, including work being undertaken towards the implementation of retirement reform proposals. In 2012/13, in its focus on increasing access to financial services, the unit spent R21.4 million and successfully hosted the 2012 Alliance for Financial Inclusion's global policy forum. Enabling legislation for the twin peaks model for regulation and oversight in the financial sector was introduced in 2013/14. Under the twin-peaks model, the financial services industry and related structures will have two regulators: a prudential regulator, which will operate within the Reserve Bank; and a new market conduct regulator, which will be established from within a restructured Financial Services Board. The draft financial sector regulation bill was released for comment in December 2013, which, once promulgated as expected in 2014/15, will establish a prudential authority and a market conduct authority over the medium term. Policy papers on savings and retirement policies that will lead to increased levels of national savings were also published, with public consultations held in September 2013. The aim is to implement the legislation in 2014/15. The budget allocation for 2013/14 was R24.9 million. This subprogramme had a staff complement of 36 at the end of November 2013.
- *Tax Policy* is responsible for drafting annual tax legislation as part of the national budget to promote an effective, equitable and efficient tax policy framework and tax administrative system that ensures sustainable growth and delivery on government's mandate to address the needs of all South Africans. This includes providing tax proposals towards improved environmental sustainability. In 2012/13, R24.2 million was spent on publishing tax proposals in the annual Budget Review and finalising the revised carbon tax policy. The unit will have spent R23.7 million by the end of 2013/14 and has prepared draft legislation on the carbon tax policy, which is expected to be implemented by January 2015. In addition, the Tax Laws Amendment Act (2013) and the Employment Tax Incentive Act (2013) were promulgated in December 2013 and took effect in January 2014. This subprogramme had a staff complement of 28 at the end of November 2013.
- *Economic Policy* provides macroeconomic and microeconomic forecasts, policy analysis on microeconomic and regulatory issues, economic impact assessments and scenario modelling to provide sound policy advice

on the economic environment for the annual budget and other government processes. Policy advice is mainly focused on creating decent employment through inclusive economic growth. The subprogramme also provides analytical work and policy advice on a wide range of issues including: inflation management; electricity pricing; economic growth; structural budget balances; industrial policy; small, medium and micro enterprise (SMME) policy; and the exchange rate. In 2012/13, R22.8 million was spent and the development of the 2005 South African general equilibrium model was supported to allow for the mining sector impact assessment. The estimated expenditure of R25.3 million in 2013/14 has facilitated the development of the GDP model and the updating of the consumer price index model, among other regular deliverables, including providing economic forecasts for the 2014 medium term expenditure framework. Activities over the medium term include reviewing the electricity pricing methodology and providing advice on the economic impacts of alternative models for restructuring the energy sector and freight logistics systems to improve economic efficiency. This subprogramme had a staff complement of 29 at the end of November 2013.

- *Cooperative Banks Development Agency* facilitates the transfer payment to the Cooperative Banks Development Agency, which provides for the registration, supervision and regulation of cooperative banks and the development of cooperative financial institutions such as savings and credit cooperatives, community banks, village banks and financial services cooperatives into cooperative banks. The unit transferred R16 million in 2012/13 and R16.2 million in 2013/14 to the agency for operational expenditure. Over the medium term, transfers to the agency are expected to increase to provide for inflationary increases to operational costs.

## Expenditure estimates

**Table 10.7 Economic Policy, Tax, Financial Regulation and Research**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Programme Management for Economic Policy, Tax, Financial Regulation and Research	12.1	19.7	19.4	21.0	20.4%	15.3%	21.3	22.7	24.1	4.7%	15.5%
Research	11.2	9.7	7.5	16.8	14.3%	9.6%	12.0	12.6	13.3	-7.4%	9.5%
Financial Sector Policy	17.7	61.5	21.4	26.3	14.2%	26.9%	30.1	31.7	33.8	8.7%	21.2%
Tax Policy	19.2	23.0	24.2	24.2	7.9%	19.2%	29.8	31.5	33.8	11.9%	20.8%
Economic Policy	17.7	17.2	22.8	29.5	18.6%	18.5%	28.9	30.3	32.3	3.1%	21.0%
Cooperative Banks Development Agency	8.2	9.3	16.0	16.2	25.6%	10.5%	16.8	17.4	18.4	4.2%	12.0%
<b>Total</b>	<b>86.1</b>	<b>140.5</b>	<b>111.2</b>	<b>133.9</b>	<b>15.9%</b>	<b>100.0%</b>	<b>138.9</b>	<b>146.3</b>	<b>155.7</b>	<b>5.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(11.9)			(5.7)	(6.0)	(5.9)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>72.2</b>	<b>119.6</b>	<b>84.5</b>	<b>106.8</b>	<b>14.0%</b>	<b>81.2%</b>	<b>110.9</b>	<b>116.8</b>	<b>124.5</b>	<b>5.2%</b>	<b>79.9%</b>
Compensation of employees	51.0	56.2	62.2	72.4	12.4%	51.3%	83.3	88.2	94.3	9.2%	58.8%
Goods and services	21.2	63.4	22.3	34.4	17.6%	29.9%	27.6	28.7	30.3	-4.2%	21.0%
of which:											
Computer services	0.2	0.0	0.1	0.1	-23.7%	0.1%	0.1	0.0	0.0	-31.7%	-
Consultants and professional services:	11.2	11.1	8.3	18.8	18.7%	10.5%	13.8	14.6	15.3	-6.7%	10.9%
Business and advisory services											
Operating leases	0.1	0.1	0.1	0.3	28.9%	0.1%	0.3	0.2	0.3	-3.3%	0.2%
Travel and subsistence	4.4	5.1	5.7	6.6	14.5%	4.6%	6.6	7.0	7.4	3.7%	4.8%
<b>Transfers and subsidies</b>	<b>13.5</b>	<b>20.5</b>	<b>26.2</b>	<b>26.2</b>	<b>24.8%</b>	<b>18.3%</b>	<b>27.6</b>	<b>29.1</b>	<b>30.6</b>	<b>5.3%</b>	<b>19.7%</b>
Departmental agencies and accounts	8.2	9.3	16.0	16.2	25.6%	10.5%	16.8	17.4	18.4	4.2%	12.0%
Public corporations and private enterprises	5.3	11.0	10.0	9.9	23.2%	7.7%	10.8	11.6	12.3	7.4%	7.8%
Households	-	0.2	0.2	0.1	-	0.1%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.9</b>	<b>34.5%</b>	<b>0.5%</b>	<b>0.4</b>	<b>0.5</b>	<b>0.6</b>	<b>-13.6%</b>	<b>0.4%</b>
Machinery and equipment	0.4	0.4	0.5	0.9	34.5%	0.5%	0.4	0.5	0.6	-13.6%	0.4%
<b>Total</b>	<b>86.1</b>	<b>140.5</b>	<b>111.2</b>	<b>133.9</b>	<b>15.9%</b>	<b>100.0%</b>	<b>138.9</b>	<b>146.3</b>	<b>155.7</b>	<b>5.1%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.2%</b>	<b>0.7%</b>	<b>0.5%</b>	<b>0.5%</b>			<b>0.5%</b>	<b>0.5%</b>	<b>0.6%</b>		

**Table 10.7 Economic Policy, Tax, Financial Regulation and Research**

Details of selected transfers and subsidies		Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
		2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million												
Departmental agencies and accounts												
Departmental agencies (non-business entities)												
Current												
		9.3	16.0	16.2	25.6%	10.5%	16.8	17.4	18.4	4.2%	12.0%	
Cooperative Banks Development Agency		9.3	16.0	16.2	25.6%	10.5%	16.8	17.4	18.4	4.2%	12.0%	
Public corporations and private enterprises												
Private enterprises												
Other transfers to private enterprises												
Current												
		11.0	10.0	9.9	23.2%	7.7%	10.8	11.6	12.3	7.4%	7.8%	
Economic Research Southern Africa		11.0	10.0	9.9	23.2%	7.7%	10.8	11.6	12.3	7.4%	7.8%	

## Personnel information

**Table 10.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Economic Policy, Tax, Financial Regulation and Research		129	62.2	0.6	129	68.9	0.5	129	83.3	0.6	129	88.2	0.7	129	94.3	0.7	-	100.0%	
Salary level	129	3																	
1-6	1	-	1	0.1	0.1	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	-	0.8%
7-10	25	1	20	13.5	0.7	32	10.5	0.3	33	11.6	0.4	33	12.4	0.4	33	13.1	0.4	1.0%	25.4%
11-12	53	1	49	14.4	0.3	47	22.9	0.5	46	26.4	0.6	46	28.0	0.6	46	30.0	0.7	-0.7%	35.9%
13-16	50	1	42	34.1	0.8	49	35.4	0.7	49	45.0	0.9	49	47.6	1.0	49	50.9	1.0	-	38.0%

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

2. Rand million.

## Expenditure trends

The bulk of the programme's expenditure over the seven-year period is on compensation of employees, consultants, and travel and subsistence in the *Financial Sector Policy*, *Tax Policy* and *Economic Policy* subprogrammes. These subprogrammes support the programme's objective of enabling economic growth and financial stability by funding the analysis of the country's economic and financial environment through the research and the development of economic policies and financial frameworks. In this regard, the department has worked on: finalising carbon tax proposals, which are expected to be implemented by January 2015; the Financial Services Laws General Amendment Bill, which was tabled in Parliament in September 2012; the Financial Markets Bill, which was adopted by the National Assembly in November 2012; and the Credit Ratings Agencies Bill, which was adopted by the National Assembly in November 2012. This will enable it to meet its target of implementing the twin peaks model of regulating the financial sector by the end of the medium term.

Spending on compensation of employees is projected to increase further over the medium term as the number of filled posts is projected to increase to 129 in this period. Most of these posts are in the legal tax design unit in the *Tax Policy* subprogramme. The growth in capacity is expected to fill the 29 posts that were vacant at the end of November 2013 and, along with the adjustments for improved conditions of service, is an expected increase in spending on compensation of employees over the medium term. The vacant posts were the result of natural attrition. The increase in capacity over the medium term is expected to reduce the department's reliance on consultants, which is the main reason for the projected decrease in spending on goods and services over the medium term. This reduction is also indicative of the department's commitment to controlling costs and implementing the Cabinet approved baseline reductions.

Between 2010/11 and 2013/14, to support the attainment of these targets, the department implemented the amendment to the Public Service Coordinating Bargaining Council resolution 3 of 2009, which moved certain jobs graded at salary level 9 to level 10 and those graded at level 11 to level 12. This increased spending on

compensation of employees over the period. In addition, spending on consultants increased to support the additional specialised research required to produce these policies and frameworks.

## **Programme 3: Public Finance and Budget Management**

### **Objectives**

- Give effect to government's economic, fiscal, social and development goals by engaging in an ongoing rigorous analytical and consultative process to produce the national budget to be tabled annually in Parliament in February.
- Promote accountability and transparency by:
  - publishing the Budget Review, Estimates of National Expenditure and Medium Term Budget Policy Statement and appropriation legislation containing relevant, accurate and clear financial information and associated indicators of service delivery and performance on an annual basis
  - monitoring and analysing progress on the implementation of the appropriated budget on a quarterly and annual basis.
- Contribute to public policy and programme development by promoting sound planning, budgeting and project management, and providing increased support to public finance reform in provinces and municipalities on an ongoing basis.
- Promote and support public private partnerships, and provide a mechanism for accessing private sector finance and expertise to support the development and implementation of services infrastructure in all spheres of government by appropriately assessing all major infrastructure initiatives and employing the appropriate financing mechanism on an annual basis.
- Ensure the appropriate use of public and private financial resources for social and economic development and infrastructure investment by continuously improving the monitoring and analysis of public expenditure monthly, quarterly and annually.

### **Subprogrammes**

- *Programme Management for Public Finance and Budget Management* provides support to the programme's planning, monitoring and delivery functions. Key activities include oversight and managing the processes related to the annual publication of the medium term budget policy statement, the coordination of the budget, and the production of the Division of Revenue Bill for the three spheres of government, with spending of R33.8 million in 2012/13 and an allocated budget of R18.6 million in 2013/14. This subprogramme had a staff complement of 10 at the end of November 2013.
- *Public Finance* provides financial and budgetary analysis of government programmes, advises on policy and service delivery trends, and manages National Treasury's relations with other national departments. The division will continue to provide recommendations annually to the medium term expenditure committee based on engagements with departments. Other outputs and activities include the phased implementation of contributory social security reforms over the medium term, the evaluation and monitoring of major infrastructure projects, and funding recommendations on the projects. R46.6 million was spent in 2012/13. In 2013/14, the subprogramme was allocated R51 million and its outputs and activities included presentations made on research on nuclear and liquid fuels electricity supply options, and the establishment of a functional group approach to prepare a national budget that is aligned with national priorities. This subprogramme had a staff complement of 72 at the end of November 2013.
- *Budget Office and Coordination* is responsible for the provision of fiscal policy advice and the alignment of government's medium term spending and revenue plans with its longer term fiscal policy and strategic priorities. The unit leads the budget reform programme, coordinates international technical assistance and donor finance, provides advice on public service remuneration and pension arrangements, and compiles public finance statistics. A governance monitoring system will be designed and implemented over the medium term. R47.6 million was spent in 2012/13. In 2013/14, the budget allocation was R57.5 million and a debt sustainability analysis was completed together with the International Monetary Fund to ensure that

current fiscal plans are sustainable as part of the division's contribution to the national budgeting process. This subprogramme had a staff complement of 80 at the end of November 2013.

- *Intergovernmental Relations* coordinates fiscal relations between national, provincial and local government; promotes sound provincial and municipal budgetary planning, reporting and financial management; and provides infrastructure support for government with the aim of promoting improved planning and management of the service delivery targets for the spheres. Key outputs and activities in 2012/13 included publishing the Division of Revenue Act (2013); publishing quality non-financial performance information for the 278 municipalities; performing benchmark assessments for all municipalities; running 7 division of revenue workshops; and providing business planning training courses, and other training for officials. R67.5 million was spent in 2012/13. In 2013/14, the budget allocation was R79.4 million. A new local government equitable share formula was introduced and phased in and an infrastructure conditional grant system based on new data sets from Census 2011 was reviewed. In addition, the final built environment performance plans for all 8 metropolitan municipalities were assessed to ensure the delivery of the infrastructure targets. This subprogramme had a staff complement of 91 at the end of November 2013.
- *Financial and Fiscal Commission* facilitates the annual transfer payment to the Financial and Fiscal Commission, which provides independent, objective, impartial and unbiased advice to all three spheres of government regarding the division of revenue; as well as advice on the enactment of legislation pertaining to provincial taxes, municipal fiscal powers and functions, and provincial and municipal loans. In 2012/13, R37.3 million was transferred to the commission, while in 2013/14, R39.6 million was budgeted to support the commission's activities.

## Expenditure estimates

**Table 10.9 Public Finance and Budget Management**

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Programme Management for Public Finance and Budget Management	12.2	14.6	33.8	18.6	15.2%	9.2%	21.4	22.7	24.1	8.9%	8.0%
Public Finance	39.5	45.1	46.6	51.0	8.9%	21.2%	56.5	59.8	64.1	7.9%	21.4%
Budget Office and Coordination	36.1	43.3	47.6	57.5	16.8%	21.5%	63.9	66.9	71.1	7.3%	24.0%
Intergovernmental Relations	56.2	69.4	67.5	79.4	12.2%	31.7%	81.5	86.4	92.7	5.3%	31.5%
Financial and Fiscal Commission	31.4	33.0	37.3	39.6	8.0%	16.4%	39.5	40.9	43.1	2.9%	15.1%
<b>Total</b>	<b>175.4</b>	<b>205.4</b>	<b>232.8</b>	<b>246.2</b>	<b>12.0%</b>	<b>100.0%</b>	<b>262.8</b>	<b>276.7</b>	<b>295.1</b>	<b>6.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(19.3)			(12.3)	(7.5)	(7.3)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>143.1</b>	<b>171.4</b>	<b>193.2</b>	<b>203.9</b>	<b>12.5%</b>	<b>82.8%</b>	<b>221.9</b>	<b>234.5</b>	<b>250.6</b>	<b>7.1%</b>	<b>84.3%</b>
Compensation of employees	121.9	142.8	152.2	164.0	10.4%	67.6%	189.5	200.7	214.0	9.3%	71.1%
Goods and services	21.2	28.6	41.0	39.8	23.4%	15.2%	32.4	33.9	36.5	-2.8%	13.2%
of which:											
Computer services	1.0	0.6	0.2	1.9	23.1%	0.4%	1.5	1.4	1.5	-7.3%	0.6%
Consultants and professional services: Business and advisory services	5.1	7.2	19.7	12.9	36.8%	5.2%	7.0	7.2	8.3	-13.7%	3.3%
Operating leases	0.2	0.3	0.4	0.5	30.2%	0.2%	0.6	0.8	0.7	9.3%	0.2%
Travel and subsistence	5.2	8.8	9.6	9.3	21.3%	3.8%	9.6	9.8	10.4	3.9%	3.6%
<b>Transfers and subsidies</b>	<b>31.4</b>	<b>33.3</b>	<b>38.1</b>	<b>40.8</b>	<b>9.2%</b>	<b>16.7%</b>	<b>39.5</b>	<b>40.9</b>	<b>43.1</b>	<b>1.8%</b>	<b>15.2%</b>
Departmental agencies and accounts	31.4	33.0	37.3	39.6	8.0%	16.4%	39.5	40.9	43.1	2.9%	15.1%
Households	-	0.3	0.8	1.3	-	0.3%	-	-	-	-100.0%	0.1%
<b>Payments for capital assets</b>	<b>0.9</b>	<b>0.7</b>	<b>1.4</b>	<b>1.5</b>	<b>19.5%</b>	<b>0.5%</b>	<b>1.4</b>	<b>1.3</b>	<b>1.5</b>	<b>-</b>	<b>0.5%</b>
Machinery and equipment	0.9	0.7	1.4	1.5	19.5%	0.5%	1.4	1.3	1.5	-	0.5%
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>175.4</b>	<b>205.4</b>	<b>232.8</b>	<b>246.2</b>	<b>12.0%</b>	<b>100.0%</b>	<b>262.8</b>	<b>276.7</b>	<b>295.1</b>	<b>6.2%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.5%	1.0%	1.1%	1.0%			1.0%	1.0%	1.1%		

**Table 10.9 Public Finance and Budget Management**

Details of selected transfers and subsidies											Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome				2010/11 - 2013/14			2013/14 - 2016/17											
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17									
Departmental agencies and accounts																		
Departmental agencies (non-business entities)																		
Current	31.4	33.0	37.3	39.6	8.0%	16.4%	39.5	40.9	43.1	2.9%	15.1%							
Financial and Fiscal Commission	31.4	33.0	37.3	39.6	8.0%	16.4%	39.5	40.9	43.1	2.9%	15.1%							

## Personnel information

**Table 10.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

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

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

2. Rand million.

## Expenditure trends

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

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

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

## Programme 4: Asset and Liability Management

### Objectives

- Exercise oversight of state owned enterprises to enable them to achieve government's policy objectives in a financially sustainable manner by:
  - reviewing the corporate plans and annual financial statements of state owned enterprises regularly
  - coordinating state owned entities' borrowing programmes on an ongoing basis
  - tracking progress on capital expenditure programmes on an ongoing basis
  - reviewing applications for funding, guarantees and borrowing limits in terms of the Public Finance Management Act (1999), and monitoring progress on an ongoing basis.
- Finance government's gross borrowing requirement of R230 billion by March 2015 by sourcing such funds from the domestic and international markets over the same period.
- Ensure that government's liquidity requirements are consistently met through effective cash management by making sound cash flow forecasts on an ongoing basis.
- Enable government to manage financial risk and attract investment by reviewing credit, debt, country ratings and contingent liability risk benchmarks, and ensure adherence to set standards on an ongoing basis.

### Subprogrammes

- *Programme Management for Asset and Liability Management* provides support for planning, monitoring and delivering the programme's activities. Key activities that are supported and monitored include the management of the government debt, financial assets and investments. R14.9 million was spent in 2012/13 and an estimated R16.3 million will be spent by the end of 2013/14. In 2013/14, the core development of the retail debt module of the new treasury management system was delivered for quality assurance testing and the migration of retail debt from the mainframe to the new back office system had been completed. This subprogramme had a staff complement of 4 at the end of November 2013.
- *State Owned Entity Financial Management and Governance* is responsible for overseeing and enabling state owned enterprises to meet government's policy objectives in a financially and fiscally sustainable manner. The subprogramme is also responsible for promoting sound corporate governance. In 2012/13, the remuneration trends of nine public entities were analysed against the state owned entities remuneration guide and the findings were shared with shareholder departments to ensure continued governance of the entities. These activities resulted in spending of R23.7 million in 2012/13. In 2013/14, the budget allocation was R27.4 million. By September 2013, 33 state owned companies' annual reports were analysed, and borrowing, infrastructure spending and funding progress data for state owned companies responsible for 97 per cent of the infrastructure expenditure were collated and consolidated. Over the medium term, the unit will continue to compile submissions and review applications for borrowing limits in state owned companies. In order to strengthen regulatory compliance, the unit will report on the compliance of major state owned companies with the Public Finance Management Act (1999), the Companies Act (2008), National Treasury regulations and the King III code of corporate governance. This subprogramme had a staff complement of 42 at the end of November 2013.
- *Government Debt Management* is responsible for government's long term funding needs and manages domestic and foreign debt, contributes to the development of financial markets and maintains sound investor relations. In 2012/13, government financed its gross borrowing requirement of R209 billion: R61.1 million was from international export credit agencies, R180.2 billion was from the domestic market, R3.7 billion was from retail bond investors and R29 billion was on cash balances. R15.7 million was spent in the subprogramme in 2012/13. In 2013/14, the budget allocation was R17.7 million. An investment road show was conducted in Pretoria, Johannesburg and Cape Town as a strategy to retain and attract investors in that year. By the end of December 2013, R179.4 billion had been raised to meet government's borrowing requirements. To maintain a diversified funding portfolio, 76 per cent was borrowed at a fixed rate and 24 per cent was linked to inflation. This subprogramme had a staff complement of 31 at the end of November 2013.

- *Financial Operations* provides for government's short term funding needs, manages cash in all spheres of government, invests government surplus cash, supplies reliable systems and provides information relating to the division's operations. By the end of the third quarter of 2012/13, Treasury bills of R293.6 billion had been issued and R278.3 billion repaid, resulting in net issuance of R15.3 billion. Over the same period, government borrowed R22.5 billion of the R40.9 billion public sector cash, which was available at the Corporation for Public Deposits for bridging finance for government. R15.9 million was spent in 2012/13. In 2013/14, the budget allocation was R18.2 million. The retail bond module on the new treasury management system was developed, the business requirement for the money market module was finalised, and payments of domestic and foreign debt were switched to the Society for Worldwide Interbank Financial Telecommunication system. This subprogramme had a staff complement of 18 at the end of November 2013.
- *Strategy and Risk Management* develops and maintains a risk management framework for the debt and contingent liabilities of government and state owned entities, and implements debt management strategies that minimise government's exposure to adverse risks. At the end of December 2013, the domestic debt portfolio was at a 64 per cent fixed rate and a 36 per cent non-fixed rate, and the government had a 9.2 per cent foreign debt exposure, which is well below the internationally acceptable maximum of 20 to 25 per cent. Net debt, provisions plus contingent liabilities, as a percentage of GDP, is estimated to increase from 52.1 per cent in 2012/13 to 54 per cent at the end of 2013/14. South Africa's sovereign credit rating remained at Baa1 in the second quarter of 2013/14, since being downgraded in 2012/13 by Moody's Investor Services. In the third quarter, ratings review visits by Standard & Poor's and Fitch were conducted and coordinated and a forward looking sovereign risk analysis and credit rating report, based on the Moody's report, was compiled. According to the analysis, South Africa's overall credit risk profile has deteriorated for both 2013 and 2014. The activities conducted resulted in spending of R8 million in 2012/13 and a budget allocation of R9.3 million in 2013/14. This subprogramme had a staff complement of 13 at the end of November 2013.
- *Financial Investments* provides for funding needs of state owned entities, such as the recapitalisation of the Land and Agricultural Development Bank of South Africa, Postbank, as well as the Development Bank of Southern Africa. The Land and Agricultural Development Bank of South Africa was recapitalised with R300 million in April 2013, while R205.5 million was allocated for the Postbank recapitalisation and R2.4 billion went towards the Development Bank of South Africa's recapitalisation. To enhance the Development Bank of Southern Africa's capital structure and to deliver on its new mandate to focus on lending for infrastructure projects with maximum socioeconomic impact within the Southern African region, government has committed R7.9 billion in support over the medium term.

## Expenditure estimates

**Table 10.11 Asset and Liability Management**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million				2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Programme Management for Asset and Liability Management	13.3	12.9	14.9	16.3	7.2%	0.2%	14.0	14.4	13.6	-6.0%	0.6%
State Owned Entity Financial Management and Governance	19.1	21.8	23.7	27.4	12.9%	0.4%	29.0	30.7	32.7	6.1%	1.3%
Government Debt Management	13.7	14.9	15.7	17.7	8.9%	0.2%	18.7	19.7	20.9	5.6%	0.8%
Financial Operations	13.9	14.8	15.9	18.2	9.5%	0.3%	18.3	18.5	21.2	5.1%	0.8%
Strategy and Risk Management	7.3	7.5	8.0	9.3	8.7%	0.1%	10.1	10.6	11.3	6.7%	0.4%
Financial Investments	20 746.7	750.0	200.0	2 905.0	-48.1%	98.8%	3 252.0	3 024.0	-	-100.0%	96.1%
<b>Total</b>	<b>20 813.9</b>	<b>821.9</b>	<b>278.2</b>	<b>2 994.0</b>	<b>-47.6%</b>	<b>100.0%</b>	<b>3 342.1</b>	<b>3 117.9</b>	<b>99.6</b>	<b>-67.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(1.2)			(0.5)	0.2	(0.0)		

**Table 10.11 Asset and Liability Management**

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17	2013/14 - 2016/17
	R million							2010/11 - 2013/14					
<b>Current payments</b>	<b>66.5</b>	<b>71.5</b>	<b>77.7</b>	<b>88.3</b>	<b>9.9%</b>	<b>1.2%</b>	<b>89.9</b>	<b>93.3</b>	<b>99.0</b>	<b>3.9%</b>	<b>3.9%</b>		
Compensation of employees	47.5	53.5	58.2	64.8	10.9%	0.9%	69.6	73.8	78.4	6.6%	3.0%		
Goods and services	19.1	18.0	19.5	23.5	7.2%	0.3%	20.2	19.5	20.5	-4.4%	0.9%		
of which:													
Computer services	6.6	5.2	8.1	10.2	15.6%	0.1%	6.9	5.3	8.5	-5.9%	0.3%		
Consultants and professional services: Business and advisory services	7.7	8.1	6.5	6.0	-8.2%	0.1%	5.8	6.6	4.0	-12.9%	0.2%		
Operating leases	0.2	0.1	0.3	0.4	37.5%	-	0.5	0.5	0.5	5.8%	-		
Travel and subsistence	2.4	2.0	1.8	2.9	7.3%	-	3.0	3.1	3.3	4.1%	0.1%		
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>6.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>		
Households	0.0	0.1	0.0	0.0	6.4%	-	-	-	-	-100.0%	-		
<b>Payments for capital assets</b>	<b>0.6</b>	<b>0.3</b>	<b>0.5</b>	<b>0.6</b>	<b>2.1%</b>	<b>-</b>	<b>0.2</b>	<b>0.6</b>	<b>0.6</b>	<b>0.3%</b>	<b>-</b>		
Machinery and equipment	0.6	0.3	0.5	0.6	2.1%	-	0.2	0.6	0.6	0.3%	-		
<b>Payments for financial assets</b>	<b>20 746.7</b>	<b>750.0</b>	<b>200.0</b>	<b>2 905.0</b>	<b>-48.1%</b>	<b>98.8%</b>	<b>3 252.0</b>	<b>3 024.0</b>	<b>-</b>	<b>-100.0%</b>	<b>96.1%</b>		
<b>Total</b>	<b>20 813.9</b>	<b>821.9</b>	<b>278.2</b>	<b>2 994.0</b>	<b>-47.6%</b>	<b>100.0%</b>	<b>3 342.1</b>	<b>3 117.9</b>	<b>99.6</b>	<b>-67.8%</b>	<b>100.0%</b>		
Proportion of total programme expenditure to vote expenditure	54.4%	3.8%	1.3%	11.9%			12.3%	11.3%	0.4%				

## Personnel information

**Table 10.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

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

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

2. Rand million.

## Expenditure trends

Most of the programme's allocation across the seven-year period is spent on providing capital to the state owned companies over which the department exercises oversight. This is done through the *Financial Investments* subprogramme, which is set to provide R800 million over the medium term for the further recapitalisation of the Land and Agricultural Development Bank of South Africa, R481 million for the recapitalisation of Postbank and R7.9 billion for the recapitalisation of the Development Bank of Southern Africa. The recapitalisation of these corporations is expected to end in 2015/16, which is the reason for the significant decrease projected in programme expenditure.

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

## **Programme 5: Financial Accounting and Supply Chain Management Systems**

### **Objectives**

- Ensure compliance with and the implementation of the Public Finance Management Act (1999) and the Municipal Finance Management Act (2003) across the three spheres of government on an ongoing basis, by:
  - working with relevant officials in national and provincial departments and entities, as well as municipalities and municipal entities, to address implementation challenges
  - establishing a structured process of issuing frameworks, guidelines and treasury instructions to enable proper implementation of the Public Finance Management Act (1999) and the Municipal Finance Management Act (2003)
  - developing and maintaining financial management assessment tools for national and provincial departments and entities, as well as municipalities and municipal entities
  - facilitating and undertaking special investigations and performance audits to improve financial management practices and support enforcement of the acts.
- Ensure sound financial management systems in the implementation of the Public Finance Management Act (1999) and the Municipal Finance Management Act (2003) by:
  - providing capacity and support to municipalities on policies relating to accounting and reporting, internal auditing and risk management on an ongoing basis
  - developing and implementing government transversal accounting and reporting systems over the medium term
  - maintaining government's current financial systems at a level of 98 per cent availability including providing reliable, efficient and effective support and user training over the medium term
  - completing the development of the remaining integrated financial management system's payroll modules, core financial management and inventory management, and begin the rollout over the medium term.
- Support government's financial management capacity building efforts across the three spheres of government by introducing minimum competency profiles and offering graduate internships in financial management annually.
- Improve financial management in provincial and local government by:
  - implementing the revised Treasury Regulations by 2014/15
  - developing and implementing financial recovery plans and providing technical assistance in 2014/15.

### **Subprogrammes**

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

- *Financial Systems* is discussed in more detail below.
- *Financial Reporting for National Accounts* is responsible for accounting for the National Revenue Fund and the Reconstruction and Development Programme Fund, providing banking services to national government, providing support to all spheres of government in implementing financial reporting frameworks and preparing consolidated financial statements. In 2012/13, the consolidated annual financial statements for the national departments and public entities and the annual financial statements of the Reconstruction and Development Programme Fund were prepared and tabled. In 2013/14, the budget allocation was R88.5 million. All the monthly monitoring of state budgets and expenditure reports according to section 32 of the Public Finance Management Act (1999) and bank reconciliation of the National Revenue Fund were published timeously. In addition, the 2012/13 consolidated annual financial statements for both the national departments and public entities were audited and presented to Parliament. This subprogramme had a staff complement of 48 at the end of November 2013.
- *Financial Management Policy and Compliance Improvement* is discussed in more detail below.
- *Audit Statutory Bodies* is a transfer payment that provides for compensation for certain shortfalls of statutory bodies and municipalities in terms of the Auditor-General Act (1995). This subprogramme's total budget is transferred to fund municipalities that are unable to pay for audit services. In 2013/14, R40.8 million was allocated and transferred to municipalities, an increase of R10.5 million from 2012/13.
- *Service Charges: Commercial Banks* is a transfer payment that provides for bank service charges for all departments' deposit accounts. In 2012/13, R155 000 was paid for the charges and in 2013/14, R280 000 was budgeted for this purpose.

## Expenditure estimates

**Table 10.13 Financial Accounting and Supply Chain Management Systems**

Subprogramme	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
Programme Management for Financial Accounting and Supply Chain Management Systems	7.2	8.3	7.3	15.1	28.1%	1.6%	17.1	21.0	21.7	12.8%	2.4%	
Office of the Chief Procurement Officer	31.6	34.1	34.1	43.1	11.0%	5.9%	50.8	50.1	53.9	7.7%	6.3%	
Financial Systems	362.0	279.1	369.6	428.8	5.8%	59.0%	435.0	450.0	506.7	5.7%	57.7%	
Financial Reporting for National Accounts	71.1	78.1	79.4	88.5	7.6%	13.0%	90.4	94.4	99.7	4.1%	11.8%	
Financial Management Policy and Compliance Improvement	65.7	75.4	118.6	118.1	21.6%	15.5%	126.8	132.9	139.4	5.7%	16.4%	
Audit Statutory Bodies	21.4	29.9	30.3	40.8	23.9%	5.0%	41.2	41.9	44.1	2.6%	5.3%	
Service Charges: Commercial Banks	0.1	-	0.2	0.3	31.2%	-	0.3	0.3	0.3	4.0%	-	
<b>Total</b>	<b>559.1</b>	<b>504.9</b>	<b>639.3</b>	<b>734.7</b>	<b>9.5%</b>	<b>100.0%</b>	<b>761.6</b>	<b>790.5</b>	<b>865.8</b>	<b>5.6%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				10.1			(1.1)	(7.2)	23.7			
<b>Economic classification</b>												
<b>Current payments</b>	<b>325.1</b>	<b>350.1</b>	<b>411.0</b>	<b>480.2</b>	<b>13.9%</b>	<b>64.3%</b>	<b>497.9</b>	<b>519.0</b>	<b>551.5</b>	<b>4.7%</b>	<b>65.0%</b>	
Compensation of employees	108.5	125.7	135.6	158.0	13.4%	21.6%	184.1	194.9	207.8	9.6%	23.6%	
Goods and services	216.6	224.4	275.4	322.2	14.2%	42.6%	313.8	324.1	343.7	2.2%	41.4%	
of which:												
Computer services	173.5	181.9	195.9	240.7	11.5%	32.5%	232.4	239.9	256.5	2.1%	30.7%	
Consultants and professional services: Business and advisory services	18.9	18.9	50.6	47.1	35.5%	5.6%	47.1	48.6	49.8	1.9%	6.1%	
Operating leases	0.4	0.4	0.4	0.7	21.7%	0.1%	0.6	0.8	0.7	-1.3%	0.1%	
Travel and subsistence	6.2	6.3	6.8	10.3	18.4%	1.2%	10.3	10.5	11.4	3.6%	1.3%	
<b>Transfers and subsidies</b>	<b>62.2</b>	<b>73.4</b>	<b>72.9</b>	<b>84.2</b>	<b>10.6%</b>	<b>12.0%</b>	<b>86.0</b>	<b>88.3</b>	<b>93.0</b>	<b>3.4%</b>	<b>11.1%</b>	
Departmental agencies and accounts	61.7	73.2	72.0	83.8	10.8%	11.9%	86.0	88.3	93.0	3.5%	11.1%	
Households	0.5	0.2	0.9	0.4	-9.2%	0.1%	-	-	-	-100.0%	-	
<b>Payments for capital assets</b>	<b>171.9</b>	<b>80.4</b>	<b>155.4</b>	<b>170.3</b>	<b>-0.3%</b>	<b>23.7%</b>	<b>177.7</b>	<b>183.2</b>	<b>221.3</b>	<b>9.1%</b>	<b>23.9%</b>	
Machinery and equipment	2.2	0.8	2.8	4.1	23.6%	0.4%	3.5	2.9	4.0	-0.9%	0.5%	
Software and other intangible assets	169.7	79.6	152.6	166.2	-0.7%	23.3%	174.1	180.3	217.3	9.3%	23.4%	
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.9</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>559.1</b>	<b>504.9</b>	<b>639.3</b>	<b>734.7</b>	<b>9.5%</b>	<b>100.0%</b>	<b>761.6</b>	<b>790.5</b>	<b>865.8</b>	<b>5.6%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>1.5%</b>	<b>2.4%</b>	<b>3.0%</b>	<b>2.9%</b>			<b>2.8%</b>	<b>2.9%</b>	<b>3.3%</b>			

**Table 10.13 Financial Accounting and Supply Chain Management Systems**

Details of selected transfers and subsidies										Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)		
R million	2010/11	2011/12				2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>61.7</b>	<b>73.2</b>	<b>72.0</b>	<b>83.8</b>	<b>10.8%</b>	<b>11.9%</b>	<b>86.0</b>	<b>88.3</b>	<b>93.0</b>	<b>3.5%</b>	<b>11.1%</b>
Accounting Standards Board	7.5	8.6	9.5	10.1	10.1%	1.5%	10.3	10.6	11.2	3.6%	1.3%
Independent Regulatory Board for Auditors	29.3	34.7	32.2	32.9	4.0%	5.3%	34.6	35.8	37.7	4.6%	4.5%
Auditor-General of South Africa	21.4	29.9	30.3	40.8	23.9%	5.0%	41.2	41.9	44.1	2.6%	5.3%
Public Administration Leadership and Management Academy	3.4	-	-	-	-100.0%	0.1%	-	-	-	-	-

## Personnel information

**Table 10.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

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

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

## Expenditure trends

Most of the programme's allocation over the medium term is to be spent in the *Financial Systems* and *Financial Management Policy and Compliance Improvement* subprogrammes, which are discussed in further detail below. Excluding these subprogrammes, the rest of the allocation over the medium term is mainly spent on compensation of employees and consultants in the *Financial Reporting for National Accounts* and *Office of the Chief Procurement Officer* subprogrammes, and transfers to statutory bodies and municipalities in the *Audit Statutory Bodies* subprogramme. Spending on these items and in these subprogrammes over the medium term is focused on the tabling of consolidated annual financial statements, the timely and accurate publication of monthly statements of actual revenue and actual expenditure for the National Revenue Fund, the undertaking of special investigations to improve financial management practices and support enforcement, and the capacitation of the office of the chief procurement officer.

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

## Subprogramme: Financial Systems

This subprogramme maintains and improves existing financial management systems and develops and implements the new integrated financial management system, which aims to replace ageing and fragmented financial, supply chain and human resource management systems across national and provincial departments. In September 2013, the integrated financial management system steering committee decided on a different direction in strategy to deliver the system as a single, commercial, over the shelf package. This decision was endorsed by Cabinet and is expected to fast track the delivery of the complete system. The lead sites that were used for the piloting of the developed modules continued to use the systems in 2012/13 and 2013/14. The unit will enter into new contracts in early 2014/15 that will support the new direction taken and is anticipating that

the project will not be extended beyond what was originally planned. The unit effectively maintained the transversal systems and achieved 99 per cent availability for 2012/13 at a cost of R217 million. The cost for achieving the same results in 2013/14 was R262.3 million. This subprogramme had a staff complement of 39 at the end of November 2013.

## Expenditure estimates

**Table 10.15 Financial Systems**

Economic classification	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Current payments</b>	<b>191.5</b>	<b>199.5</b>	<b>215.2</b>	<b>260.6</b>	<b>10.8%</b>	<b>60.2%</b>	<b>259.1</b>	<b>268.2</b>	<b>287.1</b>	<b>3.3%</b>	<b>59.1%</b>
Compensation of employees	15.9	16.9	18.0	19.0	6.1%	4.8%	21.0	22.3	23.7	7.7%	4.7%
Goods and services	175.6	182.6	197.2	241.7	11.2%	55.4%	238.1	246.0	263.4	2.9%	54.3%
of which:											
Computer services	168.7	177.2	190.5	233.8	11.5%	53.5%	230.5	238.0	254.5	2.9%	52.6%
Operating leases	0.1	0.1	0.1	0.2	12.7%	–	0.2	0.2	0.2	0.2%	–
Travel and subsistence	1.1	0.3	0.5	0.7	-13.6%	0.2%	0.6	0.7	0.7	-0.2%	0.1%
<b>Payments for capital assets</b>	<b>170.6</b>	<b>79.6</b>	<b>154.4</b>	<b>168.2</b>	<b>-0.5%</b>	<b>39.8%</b>	<b>175.9</b>	<b>181.7</b>	<b>219.6</b>	<b>9.3%</b>	<b>40.9%</b>
Machinery and equipment	0.9	0.0	1.9	2.0	32.2%	0.3%	1.8	1.4	2.3	4.9%	0.4%
Software and other intangible assets	170	79.6	152.6	166.2	-0.7%	39.5%	174.1	180.3	217.3	9.3%	40.5%
<b>Total</b>	<b>362.0</b>	<b>279.1</b>	<b>369.6</b>	<b>428.8</b>	<b>5.8%</b>	<b>100.0%</b>	<b>435.0</b>	<b>450.0</b>	<b>506.7</b>	<b>5.7%</b>	<b>100.0%</b>
Proportion of total subprogramme expenditure to programme expenditure	64.7%	55.3%	57.8%	58.4%			57.1%	56.9%	58.5%		

## Personnel information

**Table 10.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

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

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

2. Rand million.

## Expenditure trends

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

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

The subprogramme's funded establishment is expected to remain at 42 over the medium term. At the end of November 2013, 3 posts on the funded establishment were vacant due to natural attrition.

## Subprogramme: Financial Management Policy and Compliance Improvement

This subprogramme is responsible for improving financial management, developing financial management regulatory frameworks for each sphere of government, aligning reporting frameworks with local and international best practice; developing and implementing accounting policies, and improving the financial management, risk management and internal audit capacity in government. Activities include providing assistance in investigations of malpractice in all spheres of government. 12 fraud and corruption cases were investigated across departments and municipalities in 2013/14, with some leading to arrests, among other compliance measures the department is undertaking to enforce compliance with public sector financial management legislation. R118.6 million was spent in 2012/13 and the subprogramme had a budget allocation of R118.1 million in 2013/14. This subprogramme had a staff complement of 118 at the end of November 2013.

## Expenditure estimates

**Table 10.17 Financial Management Policy and Compliance Improvement**

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Current payments</b>	<b>61.2</b>	<b>74.8</b>	<b>118.0</b>	<b>117.1</b>	<b>24.2%</b>	<b>98.2%</b>	<b>125.9</b>	<b>132.1</b>	<b>138.6</b>	<b>5.8%</b>	<b>99.3%</b>
Compensation of employees	41.4	52.6	59.6	70.4	19.4%	59.3%	79.9	84.6	90.0	8.5%	62.8%
Goods and services	19.8	22.1	58.3	46.6	33.1%	38.9%	46.1	47.5	48.6	1.4%	36.5%
<b>Transfers and subsidies</b>	<b>3.8</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>-70.4%</b>	<b>1.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
Departmental agencies and accounts	3.4	-	-	-	-100.0%	0.9%	-	-	-	-	-
Households	0.4	0.1	0.1	0.1	-38.9%	0.2%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>	<b>0.9</b>	<b>10.5%</b>	<b>0.7%</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>-5.0%</b>	<b>0.7%</b>
Machinery and equipment	0.7	0.5	0.5	0.9	10.5%	0.7%	0.8	0.8	0.8	-5.0%	0.7%
<b>Total</b>	<b>65.7</b>	<b>75.4</b>	<b>118.6</b>	<b>118.1</b>	<b>21.6%</b>	<b>100.0%</b>	<b>126.8</b>	<b>132.9</b>	<b>139.4</b>	<b>5.7%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>11.7%</b>	<b>14.9%</b>	<b>18.5%</b>	<b>16.1%</b>			<b>16.6%</b>	<b>16.8%</b>	<b>16.1%</b>		

## Personnel information

**Table 10.18 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

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

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

## Expenditure trends

The spending focus over the medium term will be on continuing to assist public sector institutions to adopt the public sector risk management framework by training relevant structures to perform their monitoring and oversight functions in the risk management process. These activities are carried out by the department's funded establishment, which stood at 118 posts at the end of November 2013, and is supported by spending on consultants. The number of personnel in the subprogramme is expected to increase to 128 over the medium term, and this will drive the increase in spending on compensation of employees.

Consultants are used to provide high end audit skills, build financial reporting templates and conduct forensic investigations. In 2012/13, expenditure on consultants increased significantly to provide for the forensic audits required in response to the need to combat corruption. In 2012/13, there were 23 forensic investigations based

on reported allegations of fraud and corruption and performance audits were conducted in 5 government departments by the second quarter of 2013/14, some of which have led to investigations that are yet to be concluded.

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

## Programme 6: International Financial Relations

### Objectives

- Advance South Africa's national economic interests and those of Africa more generally by undertaking regular strategic analyses, engagements and negotiations at regional and global financial and economic forums, on an ongoing basis.
- Increase sub-Saharan Africa's voice and South Africa's influence in multilateral international institutions such as the International Monetary Fund, the World Bank Group, the G20 forum, and other influential global financial and economic forums by:
  - advancing the reform of these institutions on an ongoing basis through the lobbying of regional groupings
  - securing the third board chair for the International Monetary Fund for the benefit of sub-Saharan Africa by the end of 2014.
- Enhance South Africa's participation in strategic regional, continental and global governance institutions by seconding South Africans into strategic positions of these institutions, informed by government's secondment policy, on an ongoing basis.
- Promote regional economic integration in the Southern African Development Community (SADC) and strengthen economic links within Africa by:
  - developing and implementing a policy of one-stop border posts by 2014 in collaboration with the South African Revenue Service, and the departments of International Relations and Cooperation, Police, and Home Affairs
  - providing ongoing support to the SADC committees dealing with economic and financial protocols
  - supporting the Southern African Customs Union to meet regional challenges on an ongoing basis.

### Subprogrammes

- *Programme Management for International Financial Relations* supports the planning, monitoring and delivering of the programme's activities. The unit oversees South Africa's representation in international and regional financial institutions; manages bilateral and multilateral relationships on behalf of National Treasury; and plans, implements and monitors programmes and activities that advance South Africa's national interests. Activities include supporting the planning, monitoring and delivery of the programme's activities. R9 million was spent on these activities in 2012/13. In 2013/14, R16.4 million was the budget allocated. This subprogramme had a staff complement of 6 at the end of November 2013.
- *International Economic Cooperation* focuses on improving South Africa's participation in international and regional economic institutions. This entails working through key economic institutions and forums such as the African Development Bank, the United Nations Economic Commission for Africa, the New Partnership

for Africa's Development (NEPAD), the G20, and the Brazil-India-China-South Africa (BRICS) group of countries. Key outputs include: the Collaborative Africa Budget Reform Initiative that was successfully established as an independent regional organisation in 2012/13, and the World Economic Forum Africa 2013 conference, which was held in May 2013. R21 million was spent in 2012/13. In 2013/14, this subprogramme had a budget allocation of R25.7 million. This subprogramme had a staff complement of 31 at the end of November 2013.

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

## Expenditure estimates

Table 10.19 International Financial Relations

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Programme Management for International Financial Relations	6.2	6.6	9.0	16.4	38.5%	1.1%	8.9	9.0	9.3	-17.1%	0.9%
International Economic Cooperation	20.4	19.3	21.0	25.7	8.0%	2.5%	26.3	27.7	29.5	4.6%	2.3%
African Integration and Support	398.9	451.5	492.3	619.0	15.8%	55.9%	636.4	717.6	775.9	7.8%	57.2%
International Development Funding Institutions	123.1	369.0	467.5	415.9	50.1%	39.2%	491.9	463.8	470.2	4.2%	38.3%
International Projects	10.1	11.3	13.2	15.0	14.0%	1.4%	16.3	17.0	17.3	4.9%	1.4%
<b>Total</b>	<b>558.7</b>	<b>857.8</b>	<b>1 003.1</b>	<b>1 092.0</b>	<b>25.0%</b>	<b>100.0%</b>	<b>1 179.8</b>	<b>1 235.2</b>	<b>1 302.3</b>	<b>6.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(20.5)			(26.4)	(26.1)	(26.2)		

## Economic classification

<b>Current payments</b>	<b>26.5</b>	<b>25.8</b>	<b>29.8</b>	<b>41.8</b>	<b>16.4%</b>	<b>3.5%</b>	<b>35.1</b>	<b>36.6</b>	<b>38.7</b>	<b>-2.5%</b>	<b>3.2%</b>
Compensation of employees	16.5	17.6	20.8	22.8	11.5%	2.2%	25.5	27.1	28.8	8.0%	2.2%
Goods and services	10.0	8.1	8.9	18.9	23.8%	1.3%	9.5	9.6	9.9	-19.4%	1.0%
<i>of which:</i>											
<i>Consultants and professional services:</i>	<i>0.5</i>	<i>0.2</i>	<i>0.3</i>	<i>4.0</i>	<i>94.3%</i>	<i>0.1%</i>	<i>0.4</i>	<i>0.4</i>	<i>1.0</i>	<i>-36.8%</i>	<i>0.1%</i>
<i>Business and advisory services</i>											
<i>Travel and subsistence</i>	<i>5.3</i>	<i>4.5</i>	<i>6.8</i>	<i>11.6</i>	<i>30.2%</i>	<i>0.8%</i>	<i>6.3</i>	<i>6.5</i>	<i>6.8</i>	<i>-16.5%</i>	<i>0.6%</i>
<b>Transfers and subsidies</b>	<b>499.5</b>	<b>584.0</b>	<b>626.7</b>	<b>769.5</b>	<b>15.5%</b>	<b>70.6%</b>	<b>826.1</b>	<b>902.0</b>	<b>960.6</b>	<b>7.7%</b>	<b>71.9%</b>
Foreign governments and international organisations	499.5	583.9	626.6	769.4	15.5%	70.6%	826.1	902.0	960.6	7.7%	71.9%
Households	-	0.1	0.1	0.1	-	-	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>28.1%</b>	<b>-</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>-20.0%</b>	<b>-</b>
Machinery and equipment	0.1	0.1	0.1	0.2	28.1%	-	0.1	0.1	0.1	-20.0%	-
<b>Payments for financial assets</b>	<b>32.6</b>	<b>248.0</b>	<b>346.4</b>	<b>280.5</b>	<b>104.9%</b>	<b>25.8%</b>	<b>318.5</b>	<b>296.4</b>	<b>302.8</b>	<b>2.6%</b>	<b>24.9%</b>
<b>Total</b>	<b>558.7</b>	<b>857.8</b>	<b>1 003.1</b>	<b>1 092.0</b>	<b>25.0%</b>	<b>100.0%</b>	<b>1 179.8</b>	<b>1 235.2</b>	<b>1 302.3</b>	<b>6.0%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>1.5%</b>	<b>4.0%</b>	<b>4.8%</b>	<b>4.3%</b>			<b>4.3%</b>	<b>4.5%</b>	<b>5.0%</b>		

## Details of selected transfers and subsidies

Foreign governments and international organisations											
<b>Current</b>	<b>409.0</b>	<b>462.8</b>	<b>505.6</b>	<b>633.2</b>	<b>15.7%</b>	<b>57.3%</b>	<b>658.7</b>	<b>734.6</b>	<b>793.2</b>	<b>7.8%</b>	<b>58.6%</b>
Common monetary area compensation	397.8	450.3	490.7	613.9	15.6%	55.6%	622.8	705.0	763.2	7.5%	56.2%
Collaborative Africa Budget Reform Initiative	1.1	1.2	1.3	1.3	6.2%	0.1%	1.4	1.5	1.6	5.3%	0.1%
Commonwealth Fund for Technical Cooperation	3.0	3.8	4.5	5.0	18.1%	0.5%	5.3	5.5	5.8	5.3%	0.4%
International Funding Facility for Immunisation	7.1	7.5	8.8	10.0	12.2%	0.9%	11.0	11.5	11.5	4.6%	0.9%
African Regional Technical Assistance Centre for Southern Africa	-	-	0.4	0.4	-	-	0.4	0.4	0.4	3.2%	-
Infrastructure Consortium for Africa	-	-	-	1.0	-	-	1.0	-	-	-100.0%	-
African Export Import Bank	-	-	-	-	-	-	6.0	-	-	-	0.1%
African Risk Capacity	-	-	-	-	-	-	10.0	10.0	10.0	-	0.6%
African Institute for Economic Development and Economic Planning	-	-	-	1.7	-	-	0.8	0.8	0.8	-21.9%	0.1%
<b>Capital</b>	<b>90.5</b>	<b>121.1</b>	<b>121.1</b>	<b>136.2</b>	<b>14.6%</b>	<b>13.3%</b>	<b>167.4</b>	<b>167.4</b>	<b>167.4</b>	<b>7.1%</b>	<b>13.3%</b>
Financial and technical support	-	-	-	0.8	-	-	-	-	-	-100.0%	-
African Development Bank and African Development Fund	22.5	40.2	40.2	40.2	21.4%	4.1%	76.8	76.8	76.8	24.1%	5.6%
World Bank Group	68.0	80.9	80.9	95.2	11.9%	9.3%	90.7	90.7	90.7	-1.6%	7.6%

## Personnel information

**Table 10.20 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

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

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on directing funds to international obligations to manage South Africa's interests in shaping regional and global policies to advance the economic, financial and developmental objectives of the country and the rest of Africa. Thus, transfer payments and payments for financial assets for the equity purchase of shares constitute more than 95 per cent of this programme's expenditure. Most of the allocation for transfer payments is to the common monetary area compensation to pay for Rand circulation in neighbouring countries, the African Development Bank and African Development Fund to recapitalise the entities and buy shares, and the replenishment of the African Development Fund.

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

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

### Objectives

- Ensure the effective administration of pension and retirement policies by completing annual reviews and implementing recommendations in accordance with stakeholder agreements reached on pension reforms, post-retirement medical benefits, political-office bearers and pension legislation.
- Provide good services to clients by:
  - processing member applications and making payments as required by applicable legislation punctually
  - processing post-retirement medical benefit applications within 60 days of receipt and paying all medical subsidies within 7 days of receiving a valid and correct claim
  - activating and tracing all redundant claimants of about 1 200 members for the Special Pensions Amendment Act (2008) by the end of March 2015, and ensuring that the administration deals with applications within 3 months of receipt
  - accurately processing and paying injury on duty benefits to civil servants within 45 days of receiving complete documentation

- ensuring punctual and accurate payments of military pensions within 45 days of receipt and medical accounts within 30 days of receipt of the claim, while maintaining a zero backlog.

## Subprogrammes

- *Government Pensions Administration Agency* provides administrative services in accordance with the Temporary Pension Fund Act (1979), the Associated Institution Pension Fund Act (1963); and post-retirement medical subsidies, as provided for and regulated by Public Service Coordinating Bargaining Council resolutions, the Military Pensions Act (1976), injury on duty payments in terms of the Compensation for Occupational Injuries and Diseases Act (1993) and special pensions in terms of the Special Pensions Act (1996) on behalf of National Treasury. By the third quarter of 2013/14, 100 per cent of the benefits were paid accurately by the agency and 88.3 per cent of these were paid within 60 days. The department will transfer R51.8 million to the agency to administer the pensions and benefits by the end of 2013/14.
- *Civil Pensions and Contributions to Funds* provides for the processing and payment of pensions and medical subsidies to retired civil servants; and pension payments to the injured, disabled and the dependants of deceased civil servants and to former struggle veterans in terms of various statutes, collective bargaining agreements and other commitments. The *Government Pensions Administration Agency* subprogramme administers all payments related to this subprogramme. The bulk of this subprogramme's budget is transferred for payments to households in terms of member pensions, and post-retirement medical subsidies, which makes bulk payments and other benefit payments. R2.6 billion was transferred in 2012/13. By the third quarter of 2013/14, R2.2 billion had been transferred to beneficiaries.
- *Military Pensions and Other Benefits* provides for the processing and payment of military pension benefits and medical claims arising from injuries sustained during various wars, including South Africa's liberation wars. These include payments to former members of the legislative assembly of the former Venda, Transkei, Ciskei and Bophuthatswana governments; judges or their widows in terms of the Judges' Remuneration and Conditions of Employment Act (1989); and former state presidents, among other benefits. In 2012/13, 67.7 per cent (R370 million) of the subprogramme's spending was towards the payment for the debt obligation of the non-statutory forces transfer payment, and 23.2 per cent of the allocation was for the South African Citizen Force. By December 2013, R154.7 million had been transferred, mainly for the South African Citizen Force.

## Expenditure estimates

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

Subprogramme	Audited outcome				Adjusted appropriation 2013/14	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14		2010/11 - 2013/14	Average (%)	2014/15	2015/16	2016/17		
R million												
Government Pensions Administration Agency	38.0	63.9	174.8	51.9	10.9%	2.6%	55.6	50.7	53.3	0.9%	1.4%	
Civil Pensions and Contributions to Funds	2 495.2	3 068.3	2 621.7	2 871.7	4.8%	86.0%	3 022.1	3 345.6	3 524.6	7.1%	83.1%	
Military Pensions and Other Benefits	164.6	180.9	547.1	573.5	51.6%	11.4%	640.1	566.7	595.3	1.3%	15.5%	
<b>Total</b>	<b>2 697.8</b>	<b>3 313.2</b>	<b>3 343.6</b>	<b>3 497.0</b>	<b>9.0%</b>	<b>100.0%</b>	<b>3 717.8</b>	<b>3 962.9</b>	<b>4 173.2</b>	<b>6.1%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate							(5.0)	(5.0)	(5.0)			
<b>Economic classification</b>												
<b>Current payments</b>	<b>37.9</b>	<b>63.9</b>	<b>49.7</b>	<b>51.9</b>	<b>11.0%</b>	<b>1.6%</b>	<b>55.6</b>	<b>50.7</b>	<b>53.3</b>	<b>0.9%</b>	<b>1.4%</b>	
Goods and services	37.9	63.9	49.7	51.9	11.0%	1.6%	55.6	50.7	53.3	0.9%	1.4%	
of which:												
Consultants and professional services:	37.9	63.9	49.7	51.9	11.0%	1.6%	55.6	50.7	53.3	0.9%	1.4%	
Business and advisory services												
<b>Transfers and subsidies</b>	<b>2 659.8</b>	<b>3 249.1</b>	<b>3 168.8</b>	<b>3 445.2</b>	<b>9.0%</b>	<b>97.4%</b>	<b>3 662.2</b>	<b>3 912.3</b>	<b>4 119.9</b>	<b>6.1%</b>	<b>98.6%</b>	
Foreign governments and international organisations	1.6	2.0	1.5	2.1	9.2%	0.1%	2.2	2.3	2.4	4.8%	0.1%	
Non-profit institutions	–	0.1	–	–	–	–	–	–	–	–	–	
Households	2 658.2	3 247.1	3 167.2	3 443.0	9.0%	97.4%	3 660.0	3 910.0	4 117.5	6.1%	98.6%	
<b>Payments for financial assets</b>	<b>0.2</b>	<b>0.2</b>	<b>125.1</b>	<b>–</b>	<b>-100.0%</b>	<b>1.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	
<b>Total</b>	<b>2 697.8</b>	<b>3 313.2</b>	<b>3 343.6</b>	<b>3 497.0</b>	<b>9.0%</b>	<b>100.0%</b>	<b>3 717.8</b>	<b>3 962.9</b>	<b>4 173.2</b>	<b>6.1%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>7.1%</b>	<b>15.5%</b>	<b>15.9%</b>	<b>13.9%</b>			<b>13.6%</b>	<b>14.4%</b>	<b>16.1%</b>			

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

Details of selected transfers and subsidies			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
Audited outcome						2014/15	2015/16	2016/17			
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>2 658.2</b>	<b>3 247.1</b>	<b>3 167.2</b>	<b>3 443.0</b>	<b>9.0%</b>	<b>97.4%</b>	<b>3 660.0</b>	<b>3 910.0</b>	<b>4 117.5</b>	<b>6.1%</b>	<b>98.6%</b>
Contribution to provident funds for associated institutions	0.5	0.5	0.4	0.5	4.9%	-	0.4	0.4	0.5	-3.3%	-
Other benefits	68.0	69.8	75.0	88.8	9.3%	2.3%	89.1	93.7	98.3	3.5%	2.4%
Injury on duty	399.1	498.9	478.7	542.7	10.8%	14.9%	533.0	560.2	591.7	2.9%	14.5%
Post-retirement medical scheme contributions	1 589.7	1 785.7	1 413.0	1 528.0	-1.3%	49.1%	1 646.4	1 860.1	1 959.0	8.6%	45.6%
Special Pensions	402.1	480.7	434.8	489.1	6.7%	14.1%	524.5	550.6	579.8	5.8%	14.0%
Political Officer Bearers Pension Fund	29.5	224.7	211.1	211.0	92.6%	5.3%	218.0	268.8	283.1	10.3%	6.4%
Pension benefits: President of South Africa	4.7	5.9	7.1	9.4	26.4%	0.2%	8.6	9.3	9.8	1.4%	0.2%
Military pensions: Ex-servicemen	33.9	31.4	28.6	30.1	-3.9%	1.0%	27.6	29.3	31.4	1.5%	0.8%
South African citizen force	109.1	122.8	126.8	142.8	9.4%	3.9%	146.8	155.7	169.2	5.8%	4.0%
Other benefits: Ex-servicemen	21.6	26.6	21.8	29.7	11.2%	0.8%	38.1	41.9	46.1	15.8%	1.0%
Non-statutory forces	-	-	370.0	370.9	-	5.8%	427.6	339.8	348.6	-2.0%	9.7%
<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>1.6</b>	<b>2.0</b>	<b>1.5</b>	<b>2.1</b>	<b>9.2%</b>	<b>0.1%</b>	<b>2.2</b>	<b>2.3</b>	<b>2.4</b>	<b>4.8%</b>	<b>0.1%</b>
United Kingdom tax	1.6	2.0	1.5	2.1	9.2%	0.1%	2.2	2.3	2.4	4.8%	0.1%

## Expenditure trends

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

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

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

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

## Programme 8: Technical Support and Development Finance

### Objectives

- Build public sector capacity by offering a combination of diagnostic services, organisational development and programme and project implementation support over the medium term period.
- Improve capacity in public private partnership and capital projects planning and oversight by:
  - providing advisory support to all public private partnership and large capital projects in development and implementation over the medium term

- facilitating adherence of state organs to National Treasury’s financial management frameworks and infrastructure planning and implementation frameworks as and when requested
- building sustainable capacity in selected municipalities and provincial departments of health, education and public works to improve infrastructure delivery through the implementation of the infrastructure delivery improvement programme over the medium term
- strengthening the capacity of provincial treasuries and municipalities to fully implement the Municipal Finance Management Act (2003) and associated financial reforms by appointing more than 1 500 financial management graduate interns over the medium term to support them
- promoting and mobilising public and private sector investment in community and economic infrastructure by supporting 62 municipalities in planning and implementing integrated neighbourhood development programmes in 150 townships over the medium term
- improving the long term employment prospects for unemployed people, particularly youth and women, by promoting innovative and partnership based approaches to job creation and business opportunities, and supporting project development in the implementation of the Jobs Fund over the medium term with an expected 150 000 sustainable job opportunities created.

## Subprogrammes

- *Programme Management for Technical Support and Development Finance* provides project management support on major national infrastructure projects and administrative support to the inter-departmental task team on social security and retirement reform. In 2012/13, a project appraisal methodology for capital projects was finalised and was supported by training in cost-benefit analysis, studies in various aspects of project costing and the development of a framework for financing public infrastructure. In 2013/14, the unit continued to monitor major infrastructure projects such as the renewable energy independent power producer procurement programme and the Eskom build programme to ensure delivery of the required power infrastructure. This subprogramme had a staff complement of 9 at the end of November 2013.
- *Local Government Financial Management Support* provides for transfers to municipalities and assists them with building financial management capacity regulated in terms of the Municipal Finance Management Act (2003). This includes providing technical assistance and support to provincial treasuries and municipalities through the placement of financial experts in these areas to facilitate skills and capacity transfers. Outputs include: the improved capacity of provincial treasuries to undertake their responsibilities in terms of sections 5 and 6 of the act, the improved capacity of municipalities to implement the act, the improved overall compliance with the act, and improved financial management performance. There were 78 municipalities and 8 provinces receiving support in 2013/14. The phasing in of the reporting template for the financial management grant, first introduced in 2012/13, is progressing well. The subprogramme activities are performed by the Office of the Accountant-General, using staff from the Municipal Finance Management Act (2003) implementation unit.
- *Urban Development and Support* incorporates the neighbourhood development partnership grant and the integrated cities development grant. Through the neighbourhood development partnership grant, the subprogramme aims to improve the quality of life of people living and working in townships to eradicate spatial inequality and to facilitate the creation of liveable, sustainable, resilient, efficient and integrated towns and cities. By the second quarter of 2013/14, the programme had cumulatively approved 260 catalytic projects against a target of 300, and 8 projects were under construction. The integrated cities development grant has been introduced to respond to the implementation support needs of cities in four critical areas of the built environment: governance and planning, human settlements, public transport, and environmental sustainability and climate resilience. The grant is being implemented through the provision of technical assistance, peer learning and collaborative performance reviews linked to incentives. In addition, the grant is being introduced to provide incentives for cities to strengthen planning and delivery capacity, and target infrastructure spending to transform the inefficient spatial form of South African cities so that they are more inclusive, productive and sustainable. This subprogramme had a total budget of R693 million in 2013/14.
- *Employment Creation Facilitation* is discussed in more detail below.
- *Government Technical Advisory Centre* provides technical assistance to the different spheres of government through advisory and capacity building initiatives focused on public private partnerships, project

management, infrastructure service delivery and public finance information systems. In 2012/13, the consolidation of technical assistance into a government component began; and a review of the public private partnership advisory and regulatory functions was completed. This is being fed into the process of establishing a government component for the provision of advisory services. The establishment of the Government Technical Advisory Centre component was finalised in 2013/14 and appointments are in progress to facilitate the administration process. The government component will be effective in early 2014/15. This subprogramme had a staff complement of 38 at the end of November 2013.

- *Infrastructure Development Support* provides technical support on infrastructure development planning and implementation to local and provincial government by providing technical expertise, advisory services and skills training, including placement of graduate interns in local government. In 2012/13, 120 officials from provincial and national departments were enrolled in the foundation course for infrastructure planning and maintenance lifecycle. In 2013/14, officials from infrastructure departments were trained in the intricacies of the course and 70 per cent of those trained have implemented the initiative. In addition, 37 technical assistants were deployed to the provincial departments of basic education and health to assist with the delivery of infrastructure projects.

## Expenditure estimates

**Table 10.22 Technical Support and Development Finance**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16
R million												
Programme Management for Technical Support and Development Finance	6.6	13.3	10.2	12.0	22.4%	0.5%	12.7	12.8	13.6	4.2%	0.4%	
Local Government Financial Management Support	465.3	523.7	512.7	546.3	5.5%	23.4%	577.9	604.5	636.6	5.2%	18.5%	
Urban Development and Support	881.8	808.4	658.1	693.0	-7.7%	34.7%	904.5	921.0	976.8	12.1%	27.4%	
Employment Creation Facilitation	-	272.5	589.9	954.9	-	20.7%	1 900.0	1 318.0	1 387.9	13.3%	43.5%	
Government Technical Advisory Centre	49.4	48.8	51.2	65.3	9.7%	2.5%	67.0	70.8	74.9	4.7%	2.2%	
Infrastructure Development Support	53.0	1 188.7	160.5	197.5	55.0%	18.3%	250.0	279.8	294.3	14.2%	8.0%	
<b>Total</b>	<b>1 456.1</b>	<b>2 855.3</b>	<b>1 982.6</b>	<b>2 469.1</b>	<b>19.2%</b>	<b>100.0%</b>	<b>3 712.2</b>	<b>3 206.9</b>	<b>3 384.0</b>	<b>11.1%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				(295.6)			103.2	105.3	117.9			
<b>Economic classification</b>												
<b>Current payments</b>	<b>86.4</b>	<b>145.5</b>	<b>131.9</b>	<b>156.0</b>	<b>21.8%</b>	<b>5.9%</b>	<b>223.7</b>	<b>223.3</b>	<b>238.7</b>	<b>15.2%</b>	<b>6.6%</b>	
Compensation of employees	22.0	24.8	28.3	30.6	11.6%	1.2%	44.0	46.4	49.4	17.2%	1.3%	
Goods and services	64.4	120.7	103.7	125.3	24.9%	4.7%	179.7	176.9	189.3	14.7%	5.3%	
of which:												
Computer services	0.0	0.0	0.3	0.1	237.7%	-	1.1	0.6	0.6	101.3%	-	
Consultants and professional services:	60.0	109.3	96.7	109.0	22.0%	4.3%	147.4	152.6	157.8	13.1%	4.4%	
Business and advisory services												
Operating leases	0.2	0.3	0.3	0.3	20.0%	-	0.4	0.1	0.3	-6.4%	-	
Travel and subsistence	1.7	2.0	1.7	3.2	24.8%	0.1%	3.0	3.4	3.4	1.7%	0.1%	
<b>Transfers and subsidies</b>	<b>1 369.4</b>	<b>2 709.5</b>	<b>1 850.4</b>	<b>2 312.5</b>	<b>19.1%</b>	<b>94.1%</b>	<b>3 488.0</b>	<b>2 983.1</b>	<b>3 144.5</b>	<b>10.8%</b>	<b>93.4%</b>	
Provinces and municipalities	1 196.4	2 251.7	1 056.3	1 161.3	-1.0%	64.7%	1 399.7	1 465.0	1 558.2	10.3%	43.7%	
Departmental agencies and accounts	72.4	218.0	139.5	126.5	20.5%	6.3%	119.9	128.3	129.5	0.8%	3.9%	
Higher education institutions	-	-	9.0	10.0	-	0.2%	5.8	6.2	-	-100.0%	0.2%	
Public corporations and private enterprises	100.7	239.7	645.5	1 014.7	116.0%	22.8%	1 962.5	1 383.5	1 456.9	12.8%	45.5%	
Households	-	0.0	0.1	-	-	-	-	-	-	-	-	
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>	<b>0.6</b>	<b>35.9%</b>	<b>-</b>	<b>0.5</b>	<b>0.6</b>	<b>0.8</b>	<b>9.1%</b>	<b>-</b>	
Machinery and equipment	0.2	0.3	0.2	0.6	35.9%	-	0.5	0.6	0.8	9.1%	-	
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>1 456.1</b>	<b>2 855.3</b>	<b>1 982.6</b>	<b>2 469.1</b>	<b>19.2%</b>	<b>100.0%</b>	<b>3 712.2</b>	<b>3 206.9</b>	<b>3 384.0</b>	<b>11.1%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>3.8%</b>	<b>13.4%</b>	<b>9.4%</b>	<b>9.8%</b>			<b>13.6%</b>	<b>11.7%</b>	<b>13.0%</b>			

**Table 10.22 Technical Support and Development Finance**

Details of selected transfers and subsidies			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
						Audited outcome					Medium-term expenditure estimate
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Provinces and municipalities</b>											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	364.6	423.6	478.2	523.3	12.8%	20.4%	553.6	599.0	633.4	6.6%	18.1%
Local government financial management grant	364.6	423.6	402.8	424.8	5.2%	18.4%	449.1	469.8	494.7	5.2%	14.4%
Infrastructure skills development grant	-	-	75.5	98.5	-	2.0%	104.4	129.2	138.7	12.1%	3.7%
<b>Capital</b>	831.8	738.4	578.1	638.0	-8.5%	31.8%	846.2	866.0	924.8	13.2%	25.6%
Neighbourhood development partnership grant	831.8	738.4	578.1	598.0	-10.4%	31.3%	591.2	600.0	631.8	1.8%	19.0%
Integrated city development grant	-	-	-	40.0	-	0.5%	255.0	266.0	293.0	94.2%	6.7%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	72.4	218.0	139.5	126.5	20.5%	6.3%	119.9	128.3	129.5	0.8%	3.9%
Project development facility trading account	3.0	11.6	35.0	29.3	113.6%	0.9%	21.3	31.1	33.4	4.5%	0.9%
Technical assistance unit trading entity	19.4	136.4	24.5	42.2	29.7%	2.5%	40.3	42.2	44.1	1.5%	1.3%
Neighbourhood development partnership grant	50.0	70.0	80.0	55.0	3.2%	2.9%	58.3	55.0	52.0	-1.9%	1.7%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	-	139.7	535.5	893.2	-	17.9%	1 833.8	1 248.8	1 315.0	13.8%	41.4%
Development Bank of Southern Africa	-	139.7	535.5	893.2	-	17.9%	1 833.8	1 248.8	1 315.0	13.8%	41.4%
<b>Higher education institutions</b>											
<b>Current</b>	-	-	9.0	10.0	-	0.2%	5.8	6.2	-	-100.0%	0.2%
University of Cape Town	-	-	9.0	10.0	-	0.2%	5.8	6.2	-	-100.0%	0.2%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Public corporations - subsidies on products and production</b>											
<b>Current</b>	100.7	100.0	110.0	121.5	6.5%	4.9%	128.8	134.7	141.9	5.3%	4.1%
Municipal finance improvement programme	100.7	100.0	110.0	121.5	6.5%	4.9%	128.8	134.7	141.9	5.3%	4.1%
<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Capital</b>	-	1 089.7	-	-	-	12.4%	-	-	-	-	-
Infrastructure grant to provinces	-	1 089.7	-	-	-	12.4%	-	-	-	-	-

## Personnel information

**Table 10.23 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Technical Support and Development Finance	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
Salary level	55	13	54	28.3	0.5	58	29.7	0.5	62	44.0	0.7	62	46.4	0.7	62	49.4	0.8	2.2%	100.0%
1-6	2	-	2	0.8	0.4	2	0.4	0.2	2	0.4	0.2	2	0.5	0.2	2	0.5	0.2	-	3.3%
7-10	15	5	14	4.8	0.3	15	5.0	0.3	16	5.4	0.3	16	5.7	0.4	16	6.0	0.4	2.2%	25.8%
11-12	22	7	21	12.3	0.6	25	10.2	0.4	24	16.8	0.7	24	17.8	0.7	24	19.2	0.8	-1.4%	39.8%
13-16	16	1	17	10.4	0.6	16	14.0	0.9	20	21.4	1.1	20	22.4	1.1	20	23.6	1.2	7.7%	31.1%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on supporting infrastructure development through the neighbourhood development partnership grant and integrated cities development grant. Through funding to the neighbourhood development partnership and the local government financial management and skills development grants, the department expects that capacity will be built to: support the financial reforms in local and provincial government; enable infrastructure development; and promote public private partnership objectives.

Over the medium term, transfer payments are allocated to municipalities to fund the development of financial management and infrastructure capacity. This will be done mainly through the implementation of the local government financial management and infrastructure skills development grants. Through the integrated city development grant, the city support programme has been allocated an additional Cabinet approved R150 million over the medium term. The infrastructure skills development grant, which received its first allocation in 2012/13, is expected to provide for approximately 675 graduates and interns training in infrastructure with the intention to be registered as professional artisans, technicians, engineers and other specialists in line with the national development plan of professionalising local government and creating capable staff and the national development plan's outcome of a capable state. Most of the spending on goods and services over this period is on consultants who provide specialist infrastructure and technical support that the department does not have the internal capacity to provide.

The programme had a staff complement of 58 in 2013/14. The programme is expected to grow by 7 posts to a funded establishment of 62 over the medium term. The 7 vacancies will be filled mainly in efforts to enhance the division's ability to support assessment of major capital projects and support for infrastructure development.

### Subprogramme: Employment Creation Facilitation

This subprogramme, which includes the Jobs Fund, aims to give effect to the new growth path and national development plan by facilitating and supporting innovative approaches and initiatives that contribute to the development of the economy; and aims to provide sustainable new job opportunities. With a total allocation of R9 billion, the subprogramme is expected to create 150 000 jobs over its lifespan. The Development Bank of Southern Africa is the implementing agency for the fund, and it will co-finance successful proposals from government departments, municipalities, the private sector and non-governmental organisations. In 2012/13, 20 funded projects were visited, site reports were prepared and lessons were shared with grantees and Development Bank of Southern Africa officials to ensure ongoing governance and the monitoring and evaluation of the projects. Furthermore, the electronic reporting modules of the grant management system were completed and grantees reported online in the fourth quarter of 2012/13. By the third quarter of 2013/14, R4.5 billion in funding had been approved for 89 projects since the inception of the subprogramme. This subprogramme had a staff complement of 3 at the end of November 2013.

### Expenditure estimates

**Table 10.24 Employment Creation Facilitation**

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Current payments</b>	–	6.2	8.3	11.7	–	1.4%	32.0	24.5	31.9	39.7%	1.8%
Compensation of employees	–	–	–	1.5	–	0.1%	6.2	6.5	7.0	67.5%	0.4%
Goods and services	–	6.2	8.3	10.2	–	1.4%	25.9	18.0	25.0	34.6%	1.4%
<b>Transfers and subsidies</b>	–	266.3	581.5	943.1	–	98.6%	1 867.9	1 293.5	1 355.9	12.9%	98.2%
Departmental agencies and accounts	–	126.6	37.0	39.9	–	11.2%	28.3	38.5	40.9	0.8%	2.7%
Higher education institutions	–	–	9.0	10.0	–	1.0%	5.8	6.2	–	-100.0%	0.4%
Public corporations and private enterprises	–	139.7	535.5	893.2	–	86.3%	1 833.8	1 248.8	1 315.0	13.8%	95.1%
<b>Payments for capital assets</b>	–	–	0.1	0.1	–	–	0.1	0.0	0.1	9.1%	–
Machinery and equipment	–	–	0.1	0.1	–	–	0.1	0.0	0.1	9.1%	–
<b>Total</b>	–	272.5	589.9	954.9	–	100.0%	1 900.0	1 318.0	1 387.9	13.3%	100.0%
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	–	9.5%	29.8%	38.7%			51.2%	41.1%	41.0%		

## Personnel information

**Table 10.25 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

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

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on continuing to support initiatives that support sustainable job creation. The subprogramme will strive to enhance administrative processes by the implementing agent, the Development Bank of Southern Africa, and ensure that approved projects are supported to derive the social and economic value and jobs anticipated to be created. The subprogramme aims to leverage R10 billion from third party participation through the investment of R9 billion over the life of the Jobs Fund. By 2012/13, R3.4 billion had been allocated to 66 projects and this had potentially raised R3.5 billion in matched contributions towards job creation initiatives. By the third quarter of 2013/14, 93 941 new jobs were contracted by the fund to 89 approved projects, with approved grant funding of R4.5 billion.

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

## Programme 9: Revenue Administration

### Objectives

- Centralise registration, accreditation and licensing capabilities over the medium term by improving the South African Revenue Service's registration database, and moving the customs service into the unified trader and traveller master using web based registration and entity level risk assessment.
- Contribute to revenue generation and improved compliance over the medium term by:
  - ensuring that 90 per cent of all annual import declarations are submitted by 10 per cent of traders and South African Revenue Service targets
  - increasing annual trader declaration by 50 per cent
  - achieving an uptake in electronic declaration (Southern African Customs Union) of 95 per cent.
- Manage migration, customs and land borderline control services and efficiently coordinate other departments in the ports of entry by:
  - establishing a border management agency over the medium term
  - achieving a 100 per cent success rate in investigative audits, seizures of counterfeit cigarettes, counterfeit CDs and DVDs, clothing, drug cases, and medicament continually.
- Manage the South African Revenue Service's R60 billion plus debtors book efficiently by:

- establishing and employing an integrated debt management solution
- recovering cash from the debtors book of R11 billion per year over the medium term.
- Improve the processing of payments and the accuracy of payments referencing of incoming payments by achieving a percentage reduction in outstanding returns of 5 per cent over the medium term.
- Improve payment reconciliation and the allocation of PAYE tax by achieving an average processing turnaround time for personal income tax returns of 2 working days over the medium term.

## Subprogrammes

- *South African Revenue Service* receives transfers to provide core tax administration services and maintain the IT services that support its operations. The entity's operational activities include branch operations, taxpayer audits, call centre operations, processing operations, debt management and IT support. In 2012/13, R9.1 billion was transferred to the entity. R9.5 billion was allocated to support these activities in 2013/14.

## Expenditure estimates

**Table 10.26 Revenue Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
South African Revenue Service	8 142.2	8 653.6	9 149.4	9 534.4	5.4%	100.0%	9 440.3	9 898.7	10 508.9	3.3%	100.0%
<b>Total</b>	<b>8 142.2</b>	<b>8 653.6</b>	<b>9 149.4</b>	<b>9 534.4</b>	<b>5.4%</b>	<b>100.0%</b>	<b>9 440.3</b>	<b>9 898.7</b>	<b>10 508.9</b>	<b>3.3%</b>	<b>100.0%</b>
Change to 2013 Budget estimate							(543.4)	(436.9)	(374.5)		

### Economic classification

Transfers and subsidies	8 142.2	8 653.6	9 149.4	9 534.4	5.4%	100.0%	9 440.3	9 898.7	10 508.9	3.3%	100.0%
Departmental agencies and accounts	8 142.2	8 653.6	9 149.4	9 534.4	5.4%	100.0%	9 440.3	9 898.7	10 508.9	3.3%	100.0%
<b>Total</b>	<b>8 142.2</b>	<b>8 653.6</b>	<b>9 149.4</b>	<b>9 534.4</b>	<b>5.4%</b>	<b>100.0%</b>	<b>9 440.3</b>	<b>9 898.7</b>	<b>10 508.9</b>	<b>3.3%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	21.3%	40.5%	43.5%	37.8%			34.6%	36.0%	40.5%		

### Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
<b>Current</b>	<b>7 972.0</b>	<b>7 855.0</b>	<b>9 149.4</b>	<b>8 676.3</b>	<b>2.9%</b>	<b>94.9%</b>	<b>8 596.2</b>	<b>9 012.2</b>	<b>9 566.9</b>	<b>3.3%</b>	<b>91.0%</b>
South African Revenue Service	7 972.0	7 855.0	9 149.4	8 676.3	2.9%	94.9%	8 596.2	9 012.2	9 566.9	3.3%	91.0%
<b>Capital</b>	<b>170.2</b>	<b>798.6</b>	<b>–</b>	<b>858.1</b>	<b>71.5%</b>	<b>5.1%</b>	<b>844.1</b>	<b>886.5</b>	<b>942.1</b>	<b>3.2%</b>	<b>9.0%</b>
South African Revenue Service	170.2	798.6	–	858.1	71.5%	5.1%	844.1	886.5	942.1	3.2%	9.0%

## Expenditure trends

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

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

## Programme 10: Financial Intelligence and State Security

### Objectives

- Combat money laundering and terror financing activities by continuously monitoring and ensuring compliance with the Financial Intelligence Centre Act (2001) and imposing certain duties on institutions and other persons who might be used for money laundering and terror financing.
- Combat crime and financial terrorism by:
  - providing services and intelligence reports on suspected money laundering to law enforcement authorities such as the South African Revenue Service and the State Security Agency to ensure compliance with the law and contribute to state crime prevention strategic objectives on an ongoing basis
  - collaborating closely with counterparts in African countries and in international organisations as part of a web of nodal points for information exchange on an ongoing basis
  - collaborating with the financial action task force, which reports to the G20 summit processes and several standards setting bodies on an ongoing basis
  - processing 3 568 intelligence information requests from national and international law enforcement authority counterparts over the medium term.

### Subprogrammes

- *Financial Intelligence Centre* facilitates the transfer payment to the Financial Intelligence Centre, which enhances the integrity of the South African financial system while creating new means for investigating authorities to combat financial criminal activity. This subprogramme's total budget is transferred in full to the centre. In 2012/13, R197.3 million was transferred to the centre. R241 million was allocated for transfer in 2013/14.
- *Secret Services* facilitates the transfer payment to the South African Secret Services account, in order to provide government with accurate, topical, policy relevant and timeous foreign intelligence to promote, enhance and protect national security and the interests of South Africa and its citizens. This subprogramme's total budget is transferred in full to the account. In 2012/13, R3.784 billion was transferred to the Secret Services' account. R3.934 billion was allocated for transfer in 2013/14.

### Expenditure estimates

Table 10.27 Financial Intelligence and State Security

Subprogramme	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
Financial Intelligence Centre	181.4	136.5	197.3	241.0	9.9%	4.9%	198.1	216.5	236.4	-0.6%	5.0%	
Secret Services	3 306.8	3 618.5	3 784.8	3 933.6	6.0%	95.1%	4 168.2	4 308.3	4 536.7	4.9%	95.0%	
<b>Total</b>	<b>3 488.2</b>	<b>3 755.0</b>	<b>3 982.1</b>	<b>4 174.6</b>	<b>6.2%</b>	<b>100.0%</b>	<b>4 366.3</b>	<b>4 524.8</b>	<b>4 773.0</b>	<b>4.6%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				-			20.0	30.0	40.0			

#### Economic classification

Transfers and subsidies	3 488.2	3 755.0	3 982.1	4 174.6	6.2%	100.0%	4 366.3	4 524.8	4 773.0	4.6%	100.0%
Departmental agencies and accounts	3 488.2	3 755.0	3 982.1	4 174.6	6.2%	100.0%	4 366.3	4 524.8	4 773.0	4.6%	100.0%
<b>Total</b>	<b>3 488.2</b>	<b>3 755.0</b>	<b>3 982.1</b>	<b>4 174.6</b>	<b>6.2%</b>	<b>100.0%</b>	<b>4 366.3</b>	<b>4 524.8</b>	<b>4 773.0</b>	<b>4.6%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	9.1%	17.6%	18.9%	16.5%			16.0%	16.4%	18.4%		

#### Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	3 075.9	3 401.1	3 982.1	3 660.3	6.0%	91.7%	4 089.3	4 235.2	4 466.4	6.9%	92.2%
Financial Intelligence Centre	108.6	85.7	197.3	175.0	17.2%	3.7%	186.7	201.8	219.2	7.8%	4.4%
Secret Services	2 967.3	3 315.4	3 784.8	3 485.3	5.5%	88.0%	3 902.6	4 033.4	4 247.2	6.8%	87.8%
Capital	412.3	354.0	-	514.2	7.6%	8.3%	277.0	289.6	306.6	-15.8%	7.8%
Financial Intelligence Centre	72.8	50.8	-	66.0	-3.2%	1.2%	11.4	14.7	17.2	-36.1%	0.6%
Secret Services	339.5	303.2	-	448.3	9.7%	7.1%	265.5	274.9	289.5	-13.6%	7.2%

## **Expenditure trends**

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

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

## **Public entities and other agencies**

### **Development Bank of Southern Africa**

#### **Mandate and goals**

The Development Bank of Southern Africa was reconstituted in terms of the Development Bank of Southern Africa Act (1997) as a development finance institution with the primary purpose of promoting economic development and growth. The bank also promotes human resource development and institutional capacity building by mobilising financial and other resources from the national and international private and public sectors for sustainable development projects and programmes in South Africa and regions in the rest of southern Africa.

The bank aims to provide financial and non-financial support to the social and economic infrastructure sectors in South Africa and the Southern African Development Community region. In 2012/13, the bank embarked on an extensive organisational review process, which focused on improving the impact and effectiveness of the bank, with the express intent of accelerating and deepening delivery in the key priority sectors of energy, transport and logistics, water, ICT, health, and education. As a result, the bank was restructured and the new strategy was adopted. The bank aims to accelerate infrastructure financing in South Africa that is targeted at municipalities, state owned companies, independent power producers, public private partnerships, and the rest of Africa. Furthermore, the bank aims to become a preferred source of innovative, integrated and workable infrastructure solutions, offering a one-stop solution through its multiple roles as financier, adviser, partner, integrator and implementer. This strategy therefore spans both financing and non-financing developmental activities.

The bank's strategic goals over the medium term are to:

- present the Development Bank of Southern Africa Amendment Bill to Parliament to enable the provision of infrastructure support to the rest of Africa
- appraise, plan and monitor the implementation of development projects and programmes
- facilitate the participation of the private sector and community organisations in development projects and programmes
- provide technical assistance, particularly in respect of human resources development and training with regard to the identification, preparation, evaluation, financing, implementation and management of development projects and programmes
- fund or mobilise wholesale funding, as determined in regulations, for initiatives to minimise or mitigate any adverse effect of development projects or programmes on the environment
- assist international, national, regional and provincial initiatives to achieve an integrated finance system for development
- provide project preparation funds to support infrastructure deal pipeline flow in favour of, among others, public-private and public-public partnerships and regional projects, such as the North-South corridor fund

operations with the focus on supporting economic infrastructure development and maintaining financial sustainability with the objective of generating and sustaining inflation linked growth.

## Selected performance indicators

**Table 10.28 Development Bank of Southern Africa**

Indicator	Programme/Activity/Objective	Outcome	Past			Current 2013/14	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Cost-to-income ratio (bank wide)	Administration	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair, and inclusive citizenship	41.2%	40%	49%	56%	49%	42%	39%
Total value of disbursements <sup>1</sup> to infrastructure related projects	Development finance		R8.3bn	R8bn	R9.2bn	R11bn	R14.3bn	R16.1bn	R19bn
Bank wide net profit/(loss)	Non-financing development activities		R29.4m	R370.8m	R825.9m	R22m	R198m	R467 m	R647m
Number of schools completed where the bank has provided financial support (Accelerated schools infrastructure delivery initiative) per year <sup>2</sup>	Non-financing development activities	Outcome 1: Improved quality of basic education	–	–	17	20	50	–	–
Number of houses completed where the bank has provided financial support (Elliotdale housing scheme) <sup>2</sup>	Non-financing development activities	Outcome 8: Sustainable human settlements and improved quality of household life	–	200	110	770	–	–	–
Value of funds disbursed (Jobs Fund) <sup>2</sup>	Non-financing development activities	Outcome 4: Decent employment through inclusive economic growth	–	–	R249m	R1.6bn	R2.1bn	R2.1bn	–

1. Excluding disbursements outside South Africa.

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

## Programmes/activities/objectives

**Table 10.29 Development Bank of Southern Africa**

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	987.5	1 320.0	1 691.1	1 364.4	11.4%	28.8%	1 419.8	1 497.1	1 599.7	5.4%	28.8%
Development Finance	2 722.7	3 463.2	3 861.9	3 021.1	3.5%	70.7%	3 304.8	3 711.0	4 226.1	11.8%	69.3%
Non-financing Development Activities	–	–	–	88.4	–	0.5%	93.3	98.5	103.9	5.6%	1.9%
<b>Total expense</b>	<b>3 710.3</b>	<b>4 783.2</b>	<b>5 553.0</b>	<b>4 473.9</b>	<b>6.4%</b>	<b>100.0%</b>	<b>4 817.9</b>	<b>5 306.6</b>	<b>5 929.8</b>	<b>9.8%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 10.30 Development Bank of Southern Africa**

Statement of financial performance											
R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>3 739.7</b>	<b>4 412.3</b>	<b>4 727.1</b>	<b>4 717.3</b>	<b>8.0%</b>	<b>100.0%</b>	<b>5 261.3</b>	<b>6 085.6</b>	<b>6 796.9</b>	<b>12.9%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	68.5	41.2	188.0	127.7	23.1%	2.4%	163.5	201.8	242.1	23.8%	3.2%
of which:											
Sales by market establishment	68.5	41.2	188.0	127.7	23.1%	2.4%	163.5	201.8	242.1	23.8%	3.2%
Other non-tax revenue	3 671.3	4 371.1	4 539.1	4 589.6	7.7%	97.6%	5 097.9	5 883.8	6 554.8	12.6%	96.8%
<b>Total revenue</b>	<b>3 739.7</b>	<b>4 412.3</b>	<b>4 727.1</b>	<b>4 717.3</b>	<b>8.0%</b>	<b>100.0%</b>	<b>5 261.3</b>	<b>6 085.6</b>	<b>6 796.9</b>	<b>12.9%</b>	<b>100.0%</b>

Table 10.30 Development Bank of Southern Africa

Statement of financial performance												
R million	Audited outcome				Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14		2010/11	2013/14	2014/15	2015/16	2016/17		
	<b>Expenses</b>											
<b>Current expenses</b>	3 388.1	4 458.8	5 398.4	4 403.9	9.1%	95.0%	4 700.6	5 166.1	5 779.1	9.5%	97.7%	
Compensation of employees	566.1	580.9	654.3	594.9	1.7%	13.1%	628.2	663.4	700.6	5.6%	12.7%	
Goods and services	861.0	1 572.8	2 282.8	1 050.2	6.8%	30.2%	1 132.9	1 202.6	1 271.3	6.6%	22.8%	
Depreciation	15.5	19.6	19.4	23.8	15.4%	0.4%	23.8	23.8	23.8	-	0.5%	
Interest, dividends and rent on land	1 945.5	2 285.6	2 441.9	2 735.0	12.0%	51.3%	2 915.5	3 276.2	3 783.3	11.4%	61.8%	
<b>Transfers and subsidies</b>	322.2	324.3	154.6	70.0	-39.9%	5.0%	117.3	140.5	150.7	29.1%	2.3%	
<b>Total expenses</b>	3 710.3	4 783.2	5 553.0	4 473.9	6.4%	100.0%	4 817.9	5 306.6	5 929.7	9.8%	100.0%	
<b>Surplus/(Deficit)</b>	29.0	(371.0)	(826.0)	243.0	103.1%		443.0	779.0	867.0	52.8%		
Statement of financial position												
<b>Carrying value of assets</b>	546.6	567.7	556.8	578.4	1.9%	1.1%	578.4	578.4	578.4	-	0.8%	
<i>of which:</i>												
<b>Acquisition of assets</b>	-	-	-	-	-	-	-	-	-	-	-	
Investments	7 717.8	8 932.4	9 388.1	8 314.9	2.5%	16.2%	8 190.3	8 064.6	7 956.5	-1.5%	11.5%	
Loans	37 845.1	40 418.3	42 619.8	49 002.4	9.0%	79.7%	56 862.6	64 768.1	76 188.2	15.8%	85.3%	
Receivables and prepayments	108.0	305.7	123.4	305.7	41.5%	0.4%	305.7	305.7	305.7	-	0.4%	
Cash and cash equivalents	1 179.6	2 113.2	1 252.1	961.5	-6.6%	2.6%	796.9	1 691.7	2 101.9	29.8%	1.9%	
<b>Total assets</b>	47 397.1	52 337.2	53 940.3	59 162.9	7.7%	100.0%	66 733.9	75 408.4	87 130.7	13.8%	100.0%	
Accumulated surplus/(deficit)	12 480.3	11 967.2	11 031.6	11 237.6	-3.4%	22.2%	11 681.1	12 460.1	13 327.3	5.8%	17.1%	
Capital and reserves	5 371.0	5 560.3	5 674.1	5 360.3	-0.1%	10.4%	5 360.3	5 360.3	5 360.3	-	7.6%	
Capital reserve fund	-	-	-	2 600.0	-	1.1%	5 100.0	8 100.0	8 100.0	46.1%	8.0%	
Borrowings	28 588.4	33 611.8	36 159.2	38 970.0	10.9%	64.4%	43 597.4	48 493.0	59 348.1	15.1%	65.9%	
Trade and other payables	690.2	837.8	771.7	837.8	6.7%	1.5%	837.8	837.8	837.8	-	1.2%	
Provisions	262.8	354.9	299.4	152.0	-16.7%	0.5%	152.0	152.0	152.0	-	0.2%	
Derivatives financial instruments	4.5	5.2	4.3	5.2	4.5%	0.0%	5.2	5.2	5.2	-	0.0%	
<b>Total equity and liabilities</b>	47 397.1	52 337.2	53 940.3	59 162.9	7.7%	100.0%	66 733.9	75 408.4	87 130.7	13.8%	100.0%	

## Personnel information

Table 10.31 Development Bank of Southern Africa

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

1. Rand million.

## Expenditure trends

The Development Bank of Southern Africa generated 97.6 per cent of its total revenue between 2010/11 and 2013/14, mainly from interest income from loans and borrowing. Interest income is largely derived from the development loan book, with loans mainly made to municipalities, state owned companies, independent power producers, public private partnerships and the rest of Africa for infrastructure development. Over the medium term, revenue is expected to increase by a large margin mainly because of increased interest payments on the development loan book, as well as increased payments on disbursement goals.

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

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

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

Building on the results of the organisational and strategic review, the bank's spending focus over the medium term will be on supporting its development finance objective by providing financial support to the infrastructure sectors. This financial support will expand and enable the delivery of basic and social services; provide and build human and institutional capacity; and promote broad based economic growth, efficiency, fixed capital formation and regional integration.

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

## **Government Pensions Administration Agency**

### **Mandate and goals**

The Government Pensions Administration Agency provides pensions administration services to the Government Employees Pension Fund in terms of the Government Employees Pension Fund Act (1996), the Temporary Employees Pension Fund Act (1979), the Associated Institutions Pension Fund Act (1963), the post-retirement medical subsidies as provided for and regulated by Public Service Coordinating Bargaining Council resolutions, military pensions in terms of the Military Pensions Act (1976), injury on duty payments in terms of the Compensation for Occupational Injuries and Diseases Act (1993), and special pensions in terms of the Special Pensions Act (1996). The agency also provides pensions administration services on behalf of the National Treasury. It is mandated to ensure that benefits are paid on time, maintain accurate information on benefits paid and payable pension benefits, communicate with members, and build relationships with employer government departments.

The agency's overarching goal is to achieve greater client satisfaction through improved service delivery, and through service level agreements that have been drawn up to monitor service delivery targets for administering the processing and paying of benefits, including the improvement of turnaround times.

The agency's strategic goals over the medium term are to:

- ensure that customers and clients are satisfied
- modernise benefit administration to improve efficiency
- ensure that employees are satisfied, efficient and effective
- transform the agency's operational effectiveness by modernising systems
- build mutually beneficial partnerships with employer departments.

## Selected performance indicators

**Table 10.32 Government Pensions Administration Agency**

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

## Programmes/activities/objectives

**Table 10.33 Government Pensions Administration Agency**

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	228.1	271.6	286.9	246.5	2.6%	46.9%	367.7	388.7	393.0	16.8%	31.5%
Civil and Military Pension	39.0	39.3	44.2	51.9	10.0%	7.7%	57.9	52.9	55.6	2.3%	4.9%
Employee Benefit	54.3	60.3	62.4	74.2	10.9%	11.0%	81.3	85.6	90.0	6.7%	7.5%
Client Relationship Management	109.0	108.1	120.9	153.5	12.1%	21.4%	168.5	177.2	186.5	6.7%	15.6%
Business Enablement	2.1	6.8	13.7	477.0	508.3%	13.0%	614.2	446.8	283.8	-15.9%	40.5%
<b>Total expense</b>	<b>432.5</b>	<b>486.0</b>	<b>528.1</b>	<b>1 003.1</b>	<b>32.4%</b>	<b>100.0%</b>	<b>1 289.6</b>	<b>1 151.2</b>	<b>1 009.0</b>	<b>0.2%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 10.34 Government Pensions Administration Agency**

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>463.9</b>	<b>481.6</b>	<b>522.4</b>	<b>1 003.1</b>	<b>29.3%</b>	<b>100.0%</b>	<b>1 289.6</b>	<b>1 151.2</b>	<b>1 009.0</b>	<b>0.2%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	429.7	481.3	521.6	1 003.1	32.7%	98.1%	1 289.6	1 151.2	1 009.0	0.2%	100.0%
<i>of which:</i>											
Administrative fees	429.7	481.3	521.6	1 003.1	32.7%	98.1%	1 289.6	1 151.2	1 009.0	0.2%	100.0%
Other non-tax revenue	34.2	0.3	0.9	-	-100.0%	1.9%	-	-	-	-	-
<b>Total revenue</b>	<b>463.9</b>	<b>481.6</b>	<b>522.4</b>	<b>1 003.1</b>	<b>29.3%</b>	<b>100.0%</b>	<b>1 289.6</b>	<b>1 151.2</b>	<b>1 009.0</b>	<b>0.2%</b>	<b>100.0%</b>

**Table 10.34 Government Pensions Administration Agency**

Statement of financial performance											
R million	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
<b>Expenses</b>											
<b>Current expenses</b>	<b>432.5</b>	<b>486.0</b>	<b>528.1</b>	<b>1 003.1</b>	<b>32.4%</b>	<b>100.0%</b>	<b>1 289.6</b>	<b>1 151.2</b>	<b>1 009.0</b>	<b>0.2%</b>	<b>100.0%</b>
Compensation of employees	241.4	272.3	295.5	390.1	17.4%	51.7%	465.7	478.2	503.1	8.9%	41.6%
Goods and services	178.1	200.3	218.0	408.8	31.9%	41.1%	730.8	574.9	401.9	-0.6%	46.8%
Depreciation	13.1	13.3	14.6	204.2	150.0%	7.2%	93.1	98.2	104.0	-20.2%	11.6%
<b>Total expenses</b>	<b>432.5</b>	<b>486.0</b>	<b>528.1</b>	<b>1 003.1</b>	<b>32.4%</b>	<b>100.0%</b>	<b>1 289.6</b>	<b>1 151.2</b>	<b>1 009.0</b>	<b>0.2%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>31.0</b>	<b>(4.0)</b>	<b>(6.0)</b>	<b>-</b>	<b>-100.0%</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Statement of financial position</b>											
Carrying value of assets	37.0	33.1	27.6	46.0	7.5%	46.2%	93.1	98.2	104.0	31.3%	71.4%
<i>of which:</i>											
Acquisition of assets	50.1	9.4	9.2	47.9	-1.5%	39.2%	93.1	98.2	104.0	29.5%	71.9%
Inventory	0.6	0.5	0.4	0.5	-7.7%	0.7%	1.2	1.4	1.1	30.1%	0.9%
Receivables and prepayments	25.4	16.0	13.1	16.5	-13.4%	23.5%	15.3	15.8	14.5	-4.2%	13.8%
Cash and cash equivalents	0.6	28.8	48.2	23.2	233.6%	29.7%	12.4	12.6	12.0	-19.7%	14.0%
<b>Total assets</b>	<b>63.6</b>	<b>78.4</b>	<b>89.3</b>	<b>86.2</b>	<b>10.6%</b>	<b>100.0%</b>	<b>122.0</b>	<b>128.0</b>	<b>131.6</b>	<b>15.2%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	31.3	27.0	21.3	27.0	-4.9%	34.7%	27.0	27.0	27.0	-	23.7%
Trade and other payables	15.6	31.3	45.7	32.5	27.8%	38.3%	70.0	74.0	75.0	32.1%	52.5%
Provisions	16.7	20.1	22.3	26.7	16.9%	27.0%	25.0	27.0	29.6	3.5%	23.8%
<b>Total equity and liabilities</b>	<b>63.6</b>	<b>78.4</b>	<b>89.3</b>	<b>86.2</b>	<b>10.6%</b>	<b>100.0%</b>	<b>122.0</b>	<b>128.0</b>	<b>131.6</b>	<b>15.2%</b>	<b>100.0%</b>

## Personnel information

**Table 10.35 Government Pensions Administration Agency**

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

1. Rand million.

## Expenditure trends

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

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

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

the retiring member campaign. Expenditure on compensation of employees is projected to increase over the medium term as a result.

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

## Land and Agricultural Development Bank of South Africa

### Mandate and goals

The mandate of the Land and Agricultural Development Bank of South Africa, as a development finance institution, is to address agricultural and rural development in South Africa. The bank operates in the agricultural and agribusiness sectors and is regulated by the Land and Agricultural Development Bank Act (2002) and the Public Finance Management Act (1999). The bank is expected to play a pivotal role in advancing agricultural and rural development.

The bank's strategic goals over the medium term are to:

- continue to increase its development focus by building more support structures for emerging farmers and strengthening the agriculture value chain
- increase the amount of development lending in its loan book by R5 billion
- create 360 000 new job opportunities and maintain an average of 250 000 jobs annually through lending activities
- contribute to the equitable ownership of agricultural land, in particular the increase of ownership of agricultural land by historically disadvantaged individuals
- promote agrarian reform, land redistribution and development programmes aimed at historically disadvantaged people.

### Selected performance indicators

**Table 10.36 Land and Agricultural Development Bank of South Africa**

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

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

### Programmes/activities/objectives

**Table 10.37 Land and Agricultural Development Bank of South Africa**

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	427.8	468.0	508.7	392.3	-2.8%	26.4%	412.2	435.3	456.2	5.2%	16.1%
Financing of Agri-related businesses	667.0	686.4	1 055.4	1 302.9	25.0%	51.8%	1 552.6	1 827.1	2 106.4	17.4%	63.4%
Retail Commercial Banking	305.1	333.9	394.2	446.7	13.5%	21.2%	493.5	506.0	617.6	11.4%	19.5%
Retail Emerging Markets	-	2.9	18.0	23.8	-	0.6%	24.7	27.4	31.2	9.4%	1.0%
<b>Total expense</b>	<b>1 399.8</b>	<b>1 491.1</b>	<b>1 976.3</b>	<b>2 165.6</b>	<b>15.7%</b>	<b>100.0%</b>	<b>2 482.9</b>	<b>2 795.7</b>	<b>3 211.5</b>	<b>14.0%</b>	<b>100.0%</b>

## Expenditure estimates

Table 10.38 Land and Agricultural Development Bank of South Africa

Statement of financial performance			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)	
Audited outcome						2013/14	2010/11 - 2013/14	2014/15			2015/16
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17	
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>1 664.8</b>	<b>1 652.5</b>	<b>2 280.9</b>	<b>2 308.8</b>	11.5%	100.0%	<b>2 641.8</b>	<b>2 967.5</b>	<b>3 396.8</b>	13.7%	100.0%
Sale of goods and services other than capital assets	89.6	54.5	21.8	36.4	-26.0%	2.8%	38.2	40.2	43.2	5.9%	1.4%
of which:											
Administrative fees	33.8	22.0	-	25.6	-8.9%	1.1%	26.9	28.2	30.5	6.1%	1.0%
Sales by market establishment	55.7	32.5	21.8	10.8	-42.2%	1.7%	11.4	12.0	12.7	5.5%	0.4%
Other non-tax revenue	1 575.3	1 598.0	2 259.1	2 272.4	13.0%	97.2%	2 603.6	2 927.2	3 353.6	13.9%	98.6%
<b>Total revenue</b>	<b>1 664.8</b>	<b>1 652.5</b>	<b>2 280.9</b>	<b>2 308.8</b>	<b>11.5%</b>	<b>100.0%</b>	<b>2 641.8</b>	<b>2 967.5</b>	<b>3 396.8</b>	<b>13.7%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>1 373.0</b>	<b>1 470.0</b>	<b>1 952.9</b>	<b>2 138.9</b>	<b>15.9%</b>	<b>98.6%</b>	<b>2 454.8</b>	<b>2 766.1</b>	<b>3 180.3</b>	<b>14.1%</b>	<b>98.9%</b>
Compensation of employees	307.4	346.6	359.8	380.2	7.3%	20.2%	399.0	422.9	448.1	5.6%	15.7%
Goods and services	260.6	277.0	325.5	213.2	-6.5%	15.9%	201.9	213.6	222.7	1.5%	8.1%
Depreciation	11.2	23.7	25.0	25.5	31.6%	1.2%	26.8	28.3	29.8	5.4%	1.0%
Interest, dividends and rent on land	793.9	822.8	1 242.6	1 520.1	24.2%	61.2%	1 827.0	2 101.3	2 479.7	17.7%	74.0%
<b>Total expenses</b>	<b>1 399.8</b>	<b>1 491.1</b>	<b>1 976.3</b>	<b>2 165.6</b>	<b>15.7%</b>	<b>100.0%</b>	<b>2 482.9</b>	<b>2 795.7</b>	<b>3 211.5</b>	<b>14.0%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>265.0</b>	<b>161.0</b>	<b>305.0</b>	<b>143.0</b>	<b>-18.6%</b>		<b>159.0</b>	<b>172.0</b>	<b>185.0</b>	<b>9.0%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	214.3	237.5	227.5	238.0	3.6%	0.9%	227.4	225.3	223.4	-2.1%	0.6%
of which:											
Acquisition of assets	29.5	13.3	11.8	12.8	-24.3%	0.1%	6.5	6.8	7.0	-18.0%	0.0%
Investments	1 199.3	1 140.7	1 326.2	1 355.0	4.2%	4.8%	1 428.1	1 505.3	1 585.0	5.4%	3.6%
Inventory	153.9	144.2	143.9	174.1	4.2%	0.6%	183.5	193.4	203.7	5.4%	0.5%
Loans	102.5	83.1	6.3	-	-100.0%	0.2%	-	-	-	-	-
Receivables and prepayments	14 633.8	21 782.9	27 129.3	30 448.9	27.7%	85.3%	33 147.8	37 435.9	41 838.2	11.2%	87.7%
Cash and cash equivalents	2 087.5	1 941.4	1 891.4	2 500.0	6.2%	8.1%	2 898.8	3 332.4	3 799.7	15.0%	7.7%
Non-current assets held for sale	53.4	15.5	52.3	26.2	-21.2%	0.1%	-	-	-	-100.0%	0.0%
Derivatives financial instruments	6.9	6.0	5.2	-	-100.0%	0.0%	-	-	-	-	-
<b>Total assets</b>	<b>18 451.5</b>	<b>25 351.4</b>	<b>30 782.0</b>	<b>34 742.2</b>	<b>23.5%</b>	<b>100.0%</b>	<b>37 885.6</b>	<b>42 692.2</b>	<b>47 650.0</b>	<b>11.1%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	4 607.6	5 514.2	5 995.6	6 426.1	11.7%	21.2%	6 879.1	7 242.6	7 416.7	4.9%	17.3%
Capital and reserves	107.5	112.2	135.4	135.4	8.0%	0.5%	135.4	135.4	135.4	-	0.3%
Borrowings	12 058.1	18 014.7	23 003.5	27 194.4	31.1%	72.4%	29 824.5	34 200.3	38 913.7	12.7%	79.7%
Trade and other payables	1 047.6	1 018.2	935.3	196.5	-42.8%	3.3%	207.1	218.3	229.8	5.4%	0.5%
Provisions	609.0	676.6	712.2	740.7	6.7%	2.6%	791.7	845.3	901.3	6.8%	2.0%
Derivatives financial instruments	21.7	15.4	-	49.0	31.2%	0.1%	47.7	50.3	53.0	2.7%	0.1%
<b>Total equity and liabilities</b>	<b>18 451.5</b>	<b>25 351.4</b>	<b>30 782.0</b>	<b>34 742.2</b>	<b>23.5%</b>	<b>100.0%</b>	<b>37 885.6</b>	<b>42 692.2</b>	<b>47 650.0</b>	<b>11.1%</b>	<b>100.0%</b>

## Personnel information

Table 10.39 Land and Agricultural Development Bank of South Africa

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

1. Rand million.

## **Expenditure trends**

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

The spending focus over the medium term will be on: financing emerging farmers; growing the investment portfolio and delivering better performance from investments; promoting equitable ownership of agricultural land, in particular the increase of ownership of agricultural land by historically disadvantaged persons; and agrarian reform through the use of land redistribution and development programmes aimed at historically disadvantaged individuals.

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

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

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

Interest payments were the largest spending item in expenditure on goods and services between 2010/11 and 2013/14 and related to the funding instruments used to fund the loan book. The drop in interest payable between 2010/11 and 2012/13 was attributable to the decline in the prime lending rate and an increase in the loan book of just more than R2 billion over the same period. Interest expenses increased to R822.8 million in 2011/12 because the loan book grew significantly, which saw funding liabilities increase by R6 billion. Over the medium term, interest expenses continue to represent 74.0 per cent of total spending and are expected to increase as the bank continues to expand its operations.

## **Public Investment Corporation**

### **Mandate and goals**

The Public Investment Corporation manages assets for the Government Employees Pension Fund, and is one of the largest investment managers in Africa. The corporation is mandated to invest funds on behalf of its clients, based on the investment mandates as agreed with each client and approved by the Financial Services Board. The corporation's clients are public sector entities, most of which are pension, provident, social security, development and guardian funds. The corporation is a registered financial services provider.

The corporation's strategic goals over the medium term are to:

- grow the property assets under its management

- outperform integrated development plan benchmarks
- streamline its property management business
- incorporate environmental, social responsibility, and governance principles into the property investment process
- enhance its management capabilities.

## Selected performance indicators

Table 10.40 Public Investment Corporation

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

## Programmes/activities/objectives

Table 10.41 Public Investment Corporation

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	154.4	173.0	204.4	336.9	29.7%	49.9%	289.4	296.3	317.8	-1.9%	36.4%
Investments	131.0	178.8	189.4	420.0	47.5%	50.1%	534.7	596.6	653.3	15.9%	63.6%
<b>Total expense</b>	<b>285.4</b>	<b>351.8</b>	<b>393.8</b>	<b>756.9</b>	<b>38.4%</b>	<b>100.0%</b>	<b>824.1</b>	<b>892.9</b>	<b>971.1</b>	<b>8.7%</b>	<b>100.0%</b>

## Expenditure estimates

Table 10.42 Public Investment Corporation

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>395.7</b>	<b>446.0</b>	<b>523.7</b>	<b>840.5</b>	28.5%	100.0%	<b>917.5</b>	<b>1 001.3</b>	<b>1 098.0</b>	9.3%	100.0%
Sale of goods and services other than capital assets	346.6	409.0	482.4	798.1	32.0%	91.6%	867.7	934.7	1 016.2	8.4%	93.9%
<i>of which:</i>											
<i>Sales by market establishment</i>	346.6	409.0	482.4	798.1	32.0%	91.6%	867.7	934.7	1 016.2	8.4%	93.9%
Other non-tax revenue	49.0	37.0	41.3	42.4	-4.7%	8.4%	49.8	66.6	81.8	24.5%	6.1%
<b>Total revenue</b>	<b>395.7</b>	<b>446.0</b>	<b>523.7</b>	<b>840.5</b>	<b>28.5%</b>	<b>100.0%</b>	<b>917.5</b>	<b>1 001.3</b>	<b>1 098.0</b>	<b>9.3%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>248.0</b>	<b>311.5</b>	<b>342.9</b>	<b>662.0</b>	<b>38.7%</b>	<b>87.5%</b>	<b>782.3</b>	<b>845.6</b>	<b>915.4</b>	<b>11.4%</b>	<b>92.8%</b>
Compensation of employees	161.7	205.8	229.9	482.7	44.0%	59.3%	511.0	568.9	617.5	8.6%	63.3%
Goods and services	77.6	92.3	97.4	164.0	28.3%	25.0%	250.6	253.0	268.2	17.8%	27.0%
Depreciation	8.3	13.4	15.7	15.4	22.7%	3.2%	20.8	23.7	29.8	24.6%	2.6%
Interest, dividends and rent on land	0.3	0.0	0.0	0.0	-77.3%	0.0%	-	-	-	-100.0%	0.0%
<b>Total expenses</b>	<b>285.4</b>	<b>351.8</b>	<b>393.8</b>	<b>756.9</b>	<b>38.4%</b>	<b>100.0%</b>	<b>824.1</b>	<b>892.9</b>	<b>971.1</b>	<b>8.7%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>110.0</b>	<b>94.0</b>	<b>130.0</b>	<b>84.0</b>	<b>-8.6%</b>		<b>93.0</b>	<b>108.0</b>	<b>127.0</b>	<b>14.8%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	30.3	28.0	15.9	25.5	-5.6%	3.5%	67.1	77.6	61.2	33.9%	4.1%
<i>of which:</i>											
<i>Acquisition of assets</i>	9.3	14.0	3.6	25.0	39.0%	1.6%	62.3	34.2	13.4	-18.7%	2.5%
Investments	286.8	285.0	346.9	484.2	19.1%	45.2%	658.6	824.3	947.5	25.1%	51.9%
Receivables and prepayments	41.0	57.0	63.1	74.8	22.2%	7.6%	72.3	77.9	84.7	4.2%	5.7%
Cash and cash equivalents	191.4	294.8	370.1	428.4	30.8%	40.7%	489.6	490.5	536.3	7.8%	35.6%
Taxation	12.9	17.0	20.4	50.2	57.5%	3.0%	57.8	13.5	15.0	-33.2%	2.7%
<b>Total assets</b>	<b>562.3</b>	<b>681.7</b>	<b>816.4</b>	<b>1 063.2</b>	<b>23.7%</b>	<b>100.0%</b>	<b>1 345.4</b>	<b>1 483.8</b>	<b>1 644.6</b>	<b>15.7%</b>	<b>100.0%</b>

**Table 10.42 Public Investment Corporation**

Statement of financial position										Average growth rate (%)	Expenditure/total: Average (%)
R million	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17	2013/14 - 2016/17
Accumulated surplus/(deficit)	235.3	329.5	459.4	543.9	32.2%	49.4%	637.4	745.8	872.8	17.1%	50.5%
Capital and reserves	278.0	278.0	278.0	278.0	-0.0%	37.6%	278.0	278.0	278.0	-	20.6%
Finance lease	0.8	0.1	0.7	0.3	-25.4%	0.1%	-	-	-	-100.0%	0.0%
Trade and other payables	17.5	27.3	20.9	22.2	8.2%	2.9%	24.0	25.9	28.0	8.0%	1.8%
Provisions	30.7	46.9	57.4	218.7	92.3%	10.0%	406.0	434.1	465.9	28.7%	27.1%
<b>Total equity and liabilities</b>	<b>562.3</b>	<b>681.7</b>	<b>816.4</b>	<b>1 063.2</b>	<b>23.7%</b>	<b>100.0%</b>	<b>1 345.4</b>	<b>1 483.8</b>	<b>1 644.6</b>	<b>15.7%</b>	<b>100.0%</b>

## Personnel information

**Table 10.43 Public Investment Corporation**

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

1. Rand million.

## Expenditure trends

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

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

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

The corporation's spending focus over the medium term will be on improving the management of investments outside the country. Personnel numbers will continue to increase significantly over the medium term due to the restructuring of the unlisted investment model programme and growth in the properties business units, which is expected to result in an increase in the number of corporation offices outside the borders of South Africa. This is

expected to increase expenditure from R756.9 million in 2013/14 to R971.1 million in 2016/17, mainly on personnel and IT systems. Spending on consultants increased from R16.9 million in 2010/11 to R35.5 million in 2013/14 as the corporation lacked skills relating to computer services, legal advice, certain investment requirements, and specialised audits. Over the medium term, spending on consultants is expected to decrease from R41.3 million in 2014/15 to R29.8 million in 2016/17 when the implementation of the required IT systems will be complete.

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

## South African Revenue Service

### Mandate and goals

The South African Revenue Service's mandate in terms of the South African Revenue Service Act (1997) is to collect all revenue due to the state; and to administer trade to support government in meeting its key growth developmental objectives by facilitating legitimate trade, protecting South African ports of entry and eliminating illegal trade and tax evasion. The organisation's purpose is also to contribute to the economic and social development of South Africa through collecting the resources needed by government to meet its policy and delivery priorities. The organisation is also responsible for ensuring maximum compliance with tax and customs legislation and providing a customs service that maximises revenue collection, and protects South Africa's borders and facilitates trade.

The organisation's goals over the medium term are to:

- increase customs compliance
- increase tax compliance
- deploy officers to reach all current and potential taxpayers
- improve the ease and fairness with which it conducts its business
- improve the cost effectiveness and efficiency of its operations
- carry out outreach and education and other compliance activities
- develop and procure mobile registration kits to facilitate the registration of new taxpayers.

### Selected performance indicators

**Table 10.44 South African Revenue Service**

Indicator	Programme/ Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue collected excluding customs revenue per year <sup>1</sup>	Operations		R651bn	R604.7bn	R672.bn	R714.8bn <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
Customs revenue collected per year <sup>1</sup>	Operations		R109.2bn	R136bn	R151.1bn	R180.2bn	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
Percentage of trade audited to obtaining preferred trader status (Percentage of preferred trader declarations as a percentage of total declarations) <sup>3</sup>	Operations		- <sup>2</sup>	21% (2.8m)	23.7% (20.7m)	20% (20.7m)	25% (20.7m)	30% (20.7m)	35% (20.7m)
Percentage compliance of personal income tax filing: (number of personal income tax returns submitted in tax year due versus the total number of personal income tax returns required in tax year) <sup>3</sup>	Operations	Outcome 12: An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship	79% (4m)	83% (4.2m)	83% (4.89m)	84% (4.89m)	85% (4.89m)	85% (4.89m)	85% (4.89m)
Uptake in electronic filing, declaration and payment submissions for all tax products (number of electronic filing, declaration and payment submissions versus total filing, declaration and payment submissions) per year <sup>2&amp;3</sup>	Modernisation and impactful initiatives		80% <sup>2</sup>	94% (2.1 million manual and 32 million electronic)	95.5% (1.6 million manual and 35.7 million electronic)	95.5% (1.6 million manual and 35.7 million electronic)	95% (1.6 million manual and 35.7 million electronic)	95% (1.6 million manual and 35.7 million electronic)	95% (1.6 million manual and 35.7 million electronic)

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

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

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

## Programmes/activities/objectives

Table 10.45 South African Revenue Service

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
Administration <sup>1</sup>	2 357.0	3 750.5	2 677.5	2 901.9	7.2%	33.6%	3 129.0	3 270.6	3 466.8	6.1%	32.2%
Tax and Customs Enforcement Investigations	287.5	314.6	333.4	385.8	10.3%	3.8%	411.2	438.2	467.1	6.6%	4.3%
Operations	4 384.7	4 925.1	5 209.3	5 207.0	5.9%	57.3%	5 597.6	5 876.7	6 317.8	6.7%	58.0%
Large Business Centre	279.1	305.4	323.7	359.8	8.8%	3.7%	384.5	410.8	438.9	6.8%	4.0%
Projects	117.5	128.5	136.2	166.6	12.4%	1.6%	170.9	118.1	94.8	-17.1%	1.4%
<b>Total expense</b>	<b>7 425.7</b>	<b>9 424.1</b>	<b>8 680.1</b>	<b>9 021.2</b>	<b>6.7%</b>	<b>100.0%</b>	<b>9 693.1</b>	<b>10 114.5</b>	<b>10 785.3</b>	<b>6.1%</b>	<b>100.0%</b>

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

## Expenditure estimates

Table 10.46 South African Revenue Service

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>350.8</b>	<b>428.0</b>	<b>435.0</b>	<b>338.0</b>	-1.2%	4.2%	<b>310.0</b>	<b>310.0</b>	<b>310.0</b>	-2.8%	3.1%
Other non-tax revenue	350.8	428.0	435.0	338.0	-1.2%	4.2%	310.0	310.0	310.0	-2.8%	3.1%
<b>Transfers received</b>	<b>8 138.1</b>	<b>8 653.6</b>	<b>9 149.4</b>	<b>9 534.4</b>	<b>5.4%</b>	<b>95.8%</b>	<b>9 440.3</b>	<b>9 898.7</b>	<b>10 508.9</b>	<b>3.3%</b>	<b>96.9%</b>
<b>Total revenue</b>	<b>8 488.9</b>	<b>9 081.5</b>	<b>9 584.4</b>	<b>9 872.4</b>	<b>5.2%</b>	<b>100.0%</b>	<b>9 750.3</b>	<b>10 208.7</b>	<b>10 818.9</b>	<b>3.1%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>7 425.7</b>	<b>8 222.1</b>	<b>8 680.1</b>	<b>9 021.2</b>	<b>6.7%</b>	<b>96.8%</b>	<b>9 693.1</b>	<b>10 114.5</b>	<b>10 785.3</b>	<b>6.1%</b>	<b>100.0%</b>
Compensation of employees	4 912.1	5 502.5	5 821.2	5 976.2	6.8%	64.5%	6 442.5	6 746.2	7 274.3	6.8%	66.7%
Goods and services	2 069.4	2 251.4	2 337.2	2 491.0	6.4%	26.6%	2 685.3	2 791.6	2 922.5	5.5%	27.5%
Depreciation	423.1	446.8	506.2	547.4	9.0%	5.6%	558.3	569.5	580.9	2.0%	5.7%
Interest, dividends and rent on land	21.1	21.4	15.5	6.7	-31.8%	0.2%	7.0	7.3	7.6	4.4%	0.1%
<b>Transfers and subsidies</b>	<b>-</b>	<b>1 201.9</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>3.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>7 425.7</b>	<b>9 424.1</b>	<b>8 680.1</b>	<b>9 021.2</b>	<b>6.7%</b>	<b>100.0%</b>	<b>9 693.1</b>	<b>10 114.5</b>	<b>10 785.3</b>	<b>6.1%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>1 063.0</b>	<b>(343.0)</b>	<b>904.0</b>	<b>851.0</b>	<b>-7.1%</b>		<b>57.0</b>	<b>94.0</b>	<b>34.0</b>	<b>-65.8%</b>	
<b>Statement of financial Position</b>											
Carrying value of assets	1 641.1	1 889.0	2 627.2	3 363.9	27.0%	50.5%	3 751.8	4 106.9	4 173.3	7.5%	66.9%
of which:											
Acquisition of assets	758.4	701.7	1 284.8	1 284.1	19.2%	21.5%	756.8	712.2	656.6	-20.0%	15.0%
Loans	81.6	75.2	66.6	56.6	-11.5%	1.5%	56.6	56.6	56.6	-	1.0%
Receivables and prepayments	110.0	132.0	153.1	154.7	12.0%	3.0%	155.5	155.5	155.5	0.2%	2.7%
Cash and cash equivalents	2 160.6	2 470.4	1 732.4	1 835.4	-5.3%	45.0%	1 684.0	1 629.9	1 586.4	-4.7%	29.4%
<b>Total assets</b>	<b>3 993.3</b>	<b>4 566.6</b>	<b>4 579.3</b>	<b>5 410.6</b>	<b>10.7%</b>	<b>100.0%</b>	<b>5 647.9</b>	<b>5 948.8</b>	<b>5 971.7</b>	<b>3.3%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	2 276.8	1 977.5	2 881.8	3 732.9	17.9%	58.1%	3 790.2	3 884.3	3 918.0	1.6%	66.8%
Capital and reserves	102.6	61.7	93.5	93.5	-3.1%	1.9%	93.5	93.5	93.5	-	1.6%
Finance lease	159.3	152.0	28.8	17.4	-52.2%	2.1%	7.3	1.7	0.2	-76.9%	0.1%
Deferred income	0.5	0.4	0.6	0.6	8.0%	0.0%	0.6	0.6	0.6	-	0.0%
Trade and other payables	855.9	921.1	874.4	816.9	-1.5%	18.9%	953.5	1 108.3	1 037.7	8.3%	17.0%
Provisions	419.3	1 171.2	399.0	749.3	21.3%	14.7%	802.9	860.3	921.8	7.2%	14.5%
Derivatives financial instruments	178.8	282.7	301.2	-	-100.0%	4.3%	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>3 993.3</b>	<b>4 566.6</b>	<b>4 579.3</b>	<b>5 410.6</b>	<b>10.7%</b>	<b>100.0%</b>	<b>5 647.9</b>	<b>5 948.8</b>	<b>5 971.7</b>	<b>3.3%</b>	<b>100.0%</b>

## Personnel information

Table 10.47 South African Revenue Service

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

1. Rand million.

## Expenditure trends

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

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

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

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Accounting Standards Board** sets standards of generally recognised accounting practice for all spheres of government in terms of section 216(1)(a) of the Constitution and the Public Finance Management Act (1999). It also promotes the effective management of revenue and expenditure, and the assets and liabilities of entities to which the standards apply, and ensures that there is transparent reporting on these. The agency's total budget for 2013/14 and 2014/15 is R10.8 million and R10.4 million.
- The **Cooperative Banks Development Agency** provides for the registration of cooperative banks, supervises and regulates deposit-taking financial services co-operatives, savings and credit co-operatives, community banks and village banks as co-operative banks. The agency also facilitates, promotes and funds

the education and training of cooperative banks personnel. The agency's total budget for 2013/14 and 2014/15 is R16.2 million and R16.8 million.

- The **Financial Advisory and Intermediary Services Ombud** deals with complaints against financial institutions. The agency's role is to resolve disputes between financial service providers and their clients in a procedurally fair, informal, economical and expeditious manner. The ombud's total budget for 2013/14 and 2014/15 is R31.7 million and R37.3 million.
- The **Financial and Fiscal Commission** provides advice to government on relevant legislative authorities regarding the financial and fiscal requirements for national, provincial and local spheres of government in terms of Section 220 of the Constitution. The commission's total budget for 2013/14 and 2014/15 is R40 million and R39.6 million.
- The **Financial Intelligence Centre** combats financial crime such as money laundering and terror financing activities. The agency also ensures that the information it provides to the law enforcement authorities such as the South African Police Service and the South African Revenue Service, is used in a non-partisan manner, particularly where successful prosecution can have a high impact. The centre's total budget for 2013/14 and 2014/15 is R204.4 million and R198.9 million.
- The **Financial Service Board** supervises and regulates the non-banking financial services industry in the following: long term and short term insurance; retirement funds and friendly societies; financial service providers; collective investment schemes; and capital markets. The board also advises the Minister of Finance through various advisory committees comprising industry experts. The board's total budget for 2013/14 and 2014/15 is R564.0 million and R588.7 million.
- The **Independent Regulatory Board for Auditors** develops and maintains auditing and ethical standards that are internationally comparable, provides an appropriate framework for the education and training of properly qualified auditors, inspects and reviews the work of registered auditors, and investigates and takes appropriate action against registered auditors who do not comply with standards and are guilty of improper conduct. The board's total budget for 2013/14 and 2014/15 is R95.5 million and R91 million, including transfers from National Treasury.
- The **Office of the Pension Fund Adjudicator** investigates and determines complaints of abuse of power, maladministration, disputes of fact or law and employer dereliction of duty in respect of pension funds. The adjudicator's total budget for 2013/14 and 2014/15 is R41.8 million and R46.9 million.
- The **South African Special Risks Insurance Association** provides cover for risks such as riots, strikes, political unrest, terror attacks, civil commotion, public disorder and labour disturbances, as defined in the Reinsurance of Material Damages and Losses Act (1989). The association's total budget for 2013/14 and 2014/15 is R1 billion and R979.3 million.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2013/14	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
<b>Departmental infrastructure</b>										
R million										
Integrated financial management system	Replace outdated systems with those that comply with the Public Finance Management Act (1999)	Various	4 311.0	169.7	79.6	152.6	166.2	174.1	180.3	217.3
38 Church Square	Refurbishment of office accommodation to create a better working environment	Various	5.0	-	-	-	5.0	-	-	-
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Neighbourhood development partnership grant	Long term township regeneration planning, catalytic and third party nodal development	Various	9 000.0	831.8	738.4	578.1	598.0	591.2	600.0	631.8
Neighbourhood development partnership grant	Long term township regeneration planning, catalytic and third party nodal development	Various	1 000.0	50.0	70.0	80.0	55.0	58.3	55.0	52.0
<b>Total</b>			<b>14 316.0</b>	<b>1 051.5</b>	<b>887.9</b>	<b>810.7</b>	<b>824.3</b>	<b>823.6</b>	<b>835.3</b>	<b>901.1</b>



# Vote 11

## Public Enterprises

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	152.1	148.0	0.1	4.1	160.5	158.3
Legal and Governance	24.0	24.0	–	–	25.5	26.9
Portfolio Management and Strategic Partnerships	83.7	83.7	–	–	93.3	100.5
<b>Total expenditure estimates</b>	<b>259.8</b>	<b>255.6</b>	<b>0.1</b>	<b>4.1</b>	<b>279.3</b>	<b>285.6</b>

Executive authority Minister of Public Enterprises

Accounting officer Director General of Public Enterprises

Website address [www.dpe.gov.za](http://www.dpe.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Drive investment, productivity and transformation in the department's portfolio of state owned companies, to unlock growth, drive industrialisation, create jobs and develop skills.*

### Mandate

The mandate of the Department of Public Enterprises is to exercise shareholder responsibility over the following state owned companies that are central to the developmental objectives set out in the new growth path, the industrial policy action plan and the national development plan: Alexkor, Broadband Infraco, Denel, Eskom, South African Forestry Company Limited, South African Airways, South African Express Airways and Transnet. Except for Denel all the state owned companies are established in terms of their own legislation. The department is the custodian of all legislation relating to the establishment of the state owned companies. The department aims to ensure the sustainability of the state owned companies and supports the government's strategic priorities of economic growth, expanding employment and developing infrastructure.

The department exercises oversight responsibility over the state owned companies to support the delivery of key outcomes outlined in the national development plan. The state owned companies in the department's portfolio are the cornerstone of the economy in supporting the achievement of outcomes. Strengthening of oversight tools is crucial to ensure that the companies are aligned with the state's developmental agenda.

### Strategic goals

2014/15 is the first year of focused implementation of the national development plan. The main goal of the department is to ensure that the state owned companies support the implementation of the national development plan and contribute to the achievement of outcomes outlined in the plan.

The strategic goals of the department over the next five years are to:

- ensure the alignment of state owned companies with developmental outcomes
- promote good corporate governance
- build internal capacity to enhance the department's ability to execute its strategic plan
- stabilise and strengthen the state owned companies, focusing on their balance sheets and funding options
- drive economic infrastructure investment to enhance the capacity of the economy, with emphasis on the strategic integrated projects

- leverage off state owned companies' procurement spend to support industrialisation and transformation.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide strategic management, direction and administrative support to the department that enables the department to meet its strategic objectives.

### Programme 2: Legal and Governance

**Purpose:** Provide legal services and corporate governance systems, and facilitate the implementation of all legal aspects of transactions that are strategically important to the department and state owned companies. Ensure alignment with government's strategic intent by, among others, monitoring the performance indicators of state owned companies.

### Programme 3: Portfolio Management and Strategic Partnerships

**Purpose:** Align the strategies of the state owned companies with government policy and strategy, and monitor and benchmark their financial and operational performance and capital investment plans. Align shareholder oversight with overarching government economic, social and environmental policies, and build focused strategic partnerships between the state owned companies, strategic customers, suppliers and financial institutions.

## Selected performance indicators

**Table 11.1 Public Enterprises**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of shareholder compacts signed per year	Portfolio Management and Strategic Partnerships	Outcome 6: An efficient, competitive and responsive economic infrastructure network	8	7	7 <sup>1</sup>	8	8	8	8
Number of corporate plans reviewed per year	Portfolio Management and Strategic Partnerships		8	8	5 <sup>2</sup>	8	8	8	8
Number of quarterly financial reviews per year	Portfolio Management and Strategic Partnerships		32	31	32	32	32	32	32
Number of departmental projects provided with technical and financial support per year <sup>3</sup>	Portfolio Management and Strategic Partnerships		5	6	–	–	–	–	–

Targets were not achieved in the following areas:

1. Shareholder compacts: South African Airways' targets for shareholder compacts for 2012/13 could not be agreed at the beginning of the financial year due to the department's not accepting the corporation's proposal to budget for a loss. South African Express Airways requested a downward revision of the 2012/13 shareholder compact targets from the targets agreed earlier as the basis for the fleet renewal programme, due to changes in the operating economic environment.
2. Corporate plans: Alexkor: the corporate plan was not assessed due to the board being given an opportunity to revise key performance indicators in line with the shareholder compact, which took longer than anticipated. South African Express Airways: the corporate plan was not signed due to the withdrawal of financial statements for 2010/11, which affected the setting of targets. Transnet: the corporate plan was not signed by the department due to the need for further engagement on the market demand strategy, which was a completely new strategy.
3. This process ceased to exist from 2012/13 as the department re-aligned its programmes.

## The national development plan

The department endorses the national development plan to improve the quality of public services at affordable prices. The department recognises the focus on investment in the economy of 30 per cent of GDP by 2030, and drives infrastructure plans within its portfolio of companies to support the investment driven economic growth strategy.

The department offers strategic direction to the state owned companies with regard to defining market demand, formulating infrastructure plans, addressing capital requirements and financing requirements to achieve the goals of the national development plan to attract private investors and reduce inequality. The department:

- promotes policy and regulatory clarity in sectors in which the state owned companies operate to stimulate investment
- facilitates industrialisation and localisation through leveraging state owned companies' investment capacity and procurement practices to address economic development imperatives
- improves the performance of state owned companies, particularly in relation to their rail and ports infrastructure and the reliable generation, transmission and distribution of electricity
- aims to improve the performance of South Africa's logistics through a shift from road to rail, by growing freight rail market share and improving port operations
- monitors the rollout of state owned companies' capital expenditure programmes in ports, rail and pipelines and improvements in aviation and in defence.

## Expenditure estimates

Table 11.2 Public Enterprises

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
Administration	88.2	108.6	115.4	131.0	131.0	14.1%	17.4%	152.1	160.5	158.3	6.5%	53.8%
Legal and Governance	14.7	19.5	23.5	22.3	22.3	15.1%	3.1%	24.0	25.5	26.9	6.4%	8.8%
Portfolio Management and Strategic Partnerships	437.2	218.0	1 228.2	140.8	140.8	-31.5%	79.5%	83.7	93.3	100.5	-10.6%	37.4%
<b>Total</b>	<b>540.0</b>	<b>346.1</b>	<b>1 367.0</b>	<b>294.1</b>	<b>294.1</b>	<b>-18.3%</b>	<b>100.0%</b>	<b>259.8</b>	<b>279.3</b>	<b>285.6</b>	<b>-1.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				57.3	57.3			-	-	-		

### Economic classification

	2010/11	2011/12	2012/13	2013/14	2014/15	Average growth rate (%)	Expenditure/total: Average (%)	2014/15	2015/16	2016/17	Average growth rate (%)	Expenditure/total: Average (%)
<b>Current payments</b>	<b>160.1</b>	<b>185.1</b>	<b>195.7</b>	<b>234.5</b>	<b>234.5</b>	<b>13.5%</b>	<b>30.4%</b>	<b>255.6</b>	<b>275.6</b>	<b>281.7</b>	<b>6.3%</b>	<b>93.6%</b>
Compensation of employees	83.1	96.2	105.3	131.9	131.9	16.7%	16.3%	149.6	159.5	169.9	8.8%	54.6%
Goods and services	77.1	88.9	90.3	102.6	102.6	10.0%	14.1%	106.0	116.1	111.8	2.9%	39.0%
of which:												
Computer services	3.0	2.7	3.1	3.1	3.1	0.7%	0.5%	4.0	4.2	4.4	12.4%	1.4%
Consultants and professional services: Business and advisory services	26.8	26.8	23.0	30.0	30.0	3.8%	4.2%	37.6	43.7	35.2	5.5%	13.1%
Property payments	5.4	6.9	9.1	8.1	8.1	14.2%	1.2%	8.5	8.9	9.4	5.0%	3.1%
Travel and subsistence	12.2	24.3	23.5	26.5	26.5	29.6%	3.4%	25.0	26.5	28.3	2.2%	9.5%
<b>Transfers and subsidies</b>	<b>238.0</b>	<b>157.0</b>	<b>118.6</b>	<b>57.4</b>	<b>57.4</b>	<b>-37.8%</b>	<b>22.4%</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>-87.5%</b>	<b>5.2%</b>
Public corporations and private enterprises	237.3	156.3	118.3	57.3	57.3	-37.7%	22.3%	-	-	-	-100.0%	5.1%
Households	0.7	0.7	0.3	0.2	0.2	-39.3%	0.1%	0.1	0.1	0.1	-10.5%	0.0%
<b>Payments for capital assets</b>	<b>3.2</b>	<b>4.1</b>	<b>2.7</b>	<b>2.3</b>	<b>2.3</b>	<b>-10.3%</b>	<b>0.5%</b>	<b>4.1</b>	<b>3.6</b>	<b>3.8</b>	<b>18.4%</b>	<b>1.2%</b>
Machinery and equipment	3.2	3.9	2.6	2.3	2.3	-10.3%	0.5%	4.1	3.6	3.8	18.4%	1.2%
Software and other intangible assets	-	0.1	0.1	-	-	-	0.0%	-	-	-	-	-
<b>Payments for financial assets</b>	<b>138.7</b>	<b>0.0</b>	<b>1 050.0</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>46.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>540.0</b>	<b>346.1</b>	<b>1 367.0</b>	<b>294.1</b>	<b>294.1</b>	<b>-18.3%</b>	<b>100.0%</b>	<b>259.8</b>	<b>279.3</b>	<b>285.6</b>	<b>-1.0%</b>	<b>100.0%</b>

## Personnel information

Table 11.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Salary level	Number of posts estimated for 31 March 2014	Number of posts funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2012/13		Unit Cost	2013/14		Unit Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17		
				Number	Cost		Number	Cost		Number	Cost	Number	Cost	Number	Cost	Number	Cost			
<b>Public Enterprises</b>	<b>222</b>	<b>31</b>		<b>172</b>	<b>105.3</b>	<b>0.6</b>	<b>243</b>	<b>131.9</b>	<b>0.5</b>	<b>265</b>	<b>149.6</b>	<b>0.6</b>	<b>265</b>	<b>159.5</b>	<b>0.6</b>	<b>265</b>	<b>169.9</b>	<b>0.6</b>	<b>2.9%</b>	<b>100.0%</b>
1-6	16	31		16	3.4	0.2	48	6.9	0.1	52	7.3	0.1	52	8.1	0.2	52	10.7	0.2	2.7%	19.7%
7-10	79	-		66	21.1	0.3	77	23.4	0.3	80	26.7	0.3	80	28.3	0.4	80	29.6	0.4	1.3%	30.5%
11-12	37	-		30	18.5	0.6	37	21.0	0.6	43	25.6	0.6	43	26.7	0.6	43	28.2	0.7	5.1%	16.0%
13-16	88	-		58	58.7	1.0	79	76.6	1.0	88	86.1	1.0	88	92.2	1.0	88	97.1	1.1	3.7%	33.0%
Other	2	-		2	3.7	1.8	2	3.9	1.9	2	3.9	1.9	2	4.1	2.1	2	4.4	2.2	-	0.8%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on strengthening and expanding the department's capacity to carry out its oversight role in relation to the state owned companies, and improving internal efficiencies and the functioning of the department. This supports the national development plan's goals of growth, industrialisation, job creation and skills development. To this end, the personnel establishment is expected to increase over the medium term to 265 posts, including 6 graduates and 30 interns. At the end of November 2013 the department had 10 vacancies, mainly due to the scarcity of skills, but these will be filled by 2014/15. This is expected to increase expenditure on compensation of employees, which, at 54.6 per cent, is the largest spending item of the department's budget over the medium term. To carry out the department's high level stakeholder interactions, intergovernmental and coordinating activities, and general oversight role of the government's investment in state owned companies, personnel travel extensively domestically and internationally; and the department relies on the services of consultants who conduct highly technical research in the transport, manufacturing, energy and broadband sectors. As a result, travel and subsistence and consultants are the largest spending items in goods and services, and spending on these items is projected to increase over the medium term.

Between 2010/11 and 2013/14, certain state owned companies, such as Denel and Broadband Infracore, received non-periodic recapitalisation payments, which explains the significant fluctuations in spending in the *Portfolio Management and Strategic Partnerships* programme over this period. Spending in the programme is expected to decline significantly over the medium term as no recapitalisations are contemplated.

## Departmental receipts

Table 11.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	266	66	537	174	340	8.5%	100.0%	102	107	110	-31.4%	100.0%
<b>Sales of goods and services produced by department</b>	44	51	56	52	52	5.7%	16.8%	50	52	53	0.6%	31.4%
Other sales	44	51	56	52	52	5.7%	16.8%	50	52	53	0.6%	31.4%
of which:												
Garage rent	31	35	36	35	35	4.1%	11.3%	36	37	38	2.8%	22.2%
Commission insurance	13	16	20	13	13	-	5.1%	14	15	15	4.9%	8.6%
Replacement of security cards	-	-	-	4	4	-	0.3%	-	-	-	-100.0%	0.6%
<b>Sales of scrap, waste, arms and other used current goods</b>	1	2	2	3	3	44.2%	0.7%	4	5	5	18.6%	2.6%
of which:												
Sales of scrap paper	1	2	2	3	3	44.2%	0.7%	4	5	5	18.6%	2.6%
<b>Interest, dividends and rent on land</b>	77	5	12	19	65	-5.5%	13.2%	20	21	22	-30.3%	19.4%
Interest	77	5	12	19	65	-5.5%	13.2%	20	21	22	-30.3%	19.4%
<b>Sales of capital assets</b>	5	8	-	-	-	-100.0%	1.1%	-	-	-	-	-
<b>Transactions in financial assets and liabilities</b>	139	-	467	100	220	16.5%	68.3%	28	29	30	-48.5%	46.6%
<b>Total</b>	266	66	537	174	340	8.5%	100.0%	102	107	110	-31.4%	100.0%

## Programme 1: Administration

### Expenditure estimates

Table 11.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Ministry	25.8	31.9	30.0	31.4	6.8%	26.9%	34.8	36.6	38.6	7.2%	23.5%
Management	5.2	8.2	4.2	10.3	25.8%	6.3%	18.2	24.2	15.2	13.6%	11.3%
Corporate Services	21.4	23.9	28.3	26.5	7.4%	22.6%	29.4	27.8	29.3	3.3%	18.8%
Chief Financial Officer	9.6	11.2	10.1	9.8	1.0%	9.2%	11.7	12.4	13.0	9.8%	7.8%
Human Resources	9.9	9.5	12.7	18.2	22.6%	11.3%	19.8	21.0	22.1	6.7%	13.5%
Communications	7.9	13.1	12.8	10.7	10.6%	10.1%	12.0	10.1	10.4	-1.1%	7.2%
Strategic Planning, Monitoring and Evaluation	-	-	3.4	4.9	-	1.9%	5.6	6.7	7.1	13.4%	4.0%
Intergovernmental Relations	-	-	1.8	7.2	-	2.0%	7.7	8.1	8.5	5.9%	5.2%
Internal Audit	3.0	4.3	3.3	4.3	12.2%	3.3%	4.8	5.0	5.2	7.0%	3.2%
Office Accommodation	5.4	6.6	8.8	7.8	12.7%	6.4%	8.1	8.5	9.0	5.0%	5.5%
<b>Total</b>	<b>88.2</b>	<b>108.6</b>	<b>115.4</b>	<b>131.0</b>	<b>14.1%</b>	<b>100.0%</b>	<b>152.1</b>	<b>160.5</b>	<b>158.3</b>	<b>6.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				3.9			10.8	11.6	2.1		

#### Economic classification

	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Current payments</b>	<b>84.2</b>	<b>103.8</b>	<b>112.4</b>	<b>128.6</b>	<b>15.1%</b>	<b>96.8%</b>	<b>148.0</b>	<b>156.8</b>	<b>154.4</b>	<b>6.3%</b>	<b>97.6%</b>
Compensation of employees	42.7	51.3	56.7	66.4	15.9%	49.0%	71.0	75.5	79.3	6.1%	48.5%
Goods and services	41.6	52.5	55.7	62.2	14.4%	47.8%	77.0	81.3	75.1	6.4%	49.1%
of which:											
Computer services	3.0	2.7	3.1	3.1	0.7%	2.7%	4.0	4.2	4.4	12.4%	2.6%
Consultants and professional services:	1.8	3.2	2.3	7.5	59.2%	3.4%	20.9	21.7	12.3	18.2%	10.4%
Business and advisory services											
Property payments	5.4	6.9	9.1	8.1	14.2%	6.7%	8.5	8.9	9.4	5.0%	5.8%
Travel and subsistence	8.6	16.4	14.8	17.1	25.7%	12.9%	16.4	17.7	18.7	3.1%	11.6%
<b>Transfers and subsidies</b>	<b>0.7</b>	<b>0.7</b>	<b>0.2</b>	<b>0.2</b>	<b>-39.3%</b>	<b>0.4%</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>-10.5%</b>	<b>0.1%</b>
Households	0.7	0.7	0.2	0.2	-39.3%	0.4%	0.1	0.1	0.1	-10.5%	0.1%
<b>Payments for capital assets</b>	<b>3.2</b>	<b>4.1</b>	<b>2.7</b>	<b>2.3</b>	<b>-10.3%</b>	<b>2.8%</b>	<b>4.1</b>	<b>3.6</b>	<b>3.8</b>	<b>18.4%</b>	<b>2.3%</b>
Machinery and equipment	3.2	3.9	2.6	2.3	-10.3%	2.7%	4.1	3.6	3.8	18.4%	2.3%
Software and other intangible assets	-	0.1	0.1	-	-	0.1%	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>88.2</b>	<b>108.6</b>	<b>115.4</b>	<b>131.0</b>	<b>14.1%</b>	<b>100.0%</b>	<b>152.1</b>	<b>160.5</b>	<b>158.3</b>	<b>6.5%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	16.3%	31.4%	8.4%	44.5%			58.6%	57.5%	55.4%		

### Personnel information

Table 11.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost		Number	Cost		Number	Cost	Number	Cost	Number	Cost	Number	Cost			
Salary level	126	15	103	56.7	0.6	138	66.4	0.5	141	71.0	0.5	141	75.5	0.5	141	79.3	0.6	0.7%	100.0%
1-6	16	15	16	3.4	0.2	32	4.7	0.1	30	4.3	0.1	30	4.6	0.2	30	4.8	0.2	-2.1%	21.7%
7-10	54	-	43	14.0	0.3	52	15.7	0.3	56	18.9	0.3	56	20.0	0.4	56	21.0	0.4	2.5%	39.2%
11-12	21	-	17	9.8	0.6	19	11.4	0.6	23	14.0	0.6	23	14.9	0.6	23	15.7	0.7	6.6%	15.7%
13-16	33	-	25	25.8	1.0	33	30.7	0.9	30	29.8	1.0	30	31.9	1.1	30	33.5	1.1	-3.1%	21.9%
Other	2	-	2	3.7	1.8	2	3.9	1.9	2	3.9	1.9	2	4.1	2.1	2	4.4	2.2	-	1.4%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on supporting the department in playing its oversight role over state owned companies by providing administrative support to the minister, and corporate and human resource services to the department. The programme will also focus on improving the department's efficiency and productivity by reconfiguring its business, which will enable it to carry out its mandate; and will put in place a three-year rolling evaluation plan to assess the impact of programmes implemented by the department and the state owned companies. Thus over the medium term, the bulk of the programme's allocation will be spent on compensation of employees, who provide technical and administrative support to the department. Spending on this item is projected to grow following the reconfiguration. This will result in the number of personnel increasing from 138 in 2013/14 to 141 in 2016/17. There were 3 vacancies as at 30 November 2013 due to resignations; the vacancies are expected to be filled by 2014/15. The increase in expenditure on compensation of employees between 2010/11 and 2013/14 was due to additional funding for improved conditions of service and to fund the increase in the number of personnel needed to take up roles in the *Strategic Planning, Monitoring and Evaluation* and *Intergovernmental Relations* subprogrammes, which deal with international and intergovernmental issues and performance monitoring and evaluation processes for individual programmes.

Directly related to the growth in personnel is an increase in expenditure on goods and services. Within this, significant items are consultants and professional services. These provide the specialist expertise required particularly in the transport, manufacturing, energy and broadband sectors. Over the medium term, expenditure on consultants is expected to increase due to the reassignment of consultants from the *Portfolio Management and Strategic Partnerships* programme to this *Administration* programme, following the reorganisation of the department's programmes. The consultants support the minister and director general in achieving the department's strategy.

## Programme 2: Legal and Governance

### Objectives

- Ensure effective shareholder oversight of state owned companies by:
  - providing legal services and corporate governance systems
  - facilitating the implementation of all legal aspects of transactions that are strategically important to the department and state owned companies
  - ensuring that financial and operational risk management processes are embedded throughout the department as and when required, over the medium term
  - addressing constraints on state owned companies' contract negotiations and management to improve commercial competence and contribute to economic growth and development on a regular basis
  - providing assistance on developing and negotiating shareholder compact frameworks annually in terms of the Public Finance Management Act (1999)
  - providing guidance on appropriate delegation frameworks between the state owned company boards and executive management on a regular basis
  - advising the minister regularly on the appointment of boards of directors, preparation for annual general meetings, conducting annual reviews of ownership policies, governance, appointments, remuneration, and the performance of the boards and executive management.

### Subprogrammes

- *Management* comprises the office of the deputy director general, which provides strategic leadership and management of the programme's personnel. This subprogramme had a staff complement of 2 in 2013/14.
- *Legal* provides internal legal services and oversight support to sector teams. This entails providing legal services, including transaction and contract management support, to the department, as well as work related to sector teams' oversight of the commercial activities of the state owned companies within their portfolios. In 2013/14, the liquidator of Aventura, appointed in March 2013, was assisted in confirming claims by the

company's creditors. The creditors first met in October 2013 and the liquidator is currently awaiting the convening of a second meeting by the master of the high court, in which the creditors will attempt to prove their claims. In addition, the disbursement of Diabo Share Trust funds continued, with 1 364 beneficiaries successfully tracked and paid. The subprogramme had a staff complement of 11 in 2013/14.

- *Governance* develops, monitors and advises on legislative, corporate governance and shareholder management systems for the department and its portfolio of state owned companies. In 2013/14, the 2013 annual general meeting cycle was successfully coordinated, with seven state owned companies' annual reports tabled and compliant with Public Finance Management Act (1999) requirements. Six state owned companies' memorandums of incorporation were approved in compliance with the new Companies Act (2008). In November 2012, Cabinet considered the new state owned companies remuneration and incentive standards for non-executive directors, executive directors and prescribed officers. This was followed by consultation with national government departments to ensure that the standards addressed the many challenges encountered in the current remuneration model. These consultations have been concluded and refinement of the standards is underway, for resubmission to Cabinet in 2014/15. The new standards will require state owned companies to be more accountable for and transparent about remuneration and incentives. Risk and compliance management is a unit within this subprogramme and it is responsible for developing and implementing risk and compliance management guidelines and systems, providing risk advisory services and overseeing compliance with laws and regulations. In 2013/14, work continued on implementing an integrated system of risk management, in accordance with the approved enterprise risk management framework, policy and strategy, and compliance policy. The department's legislative universe has been established within the unit to ensure compliance with legislation. This unit had a staff complement of 6 in 2013/14.

## Expenditure estimates

Table 11.7 Legal and Governance

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Management	1.6	1.8	2.3	2.1	9.7%	9.7%	2.8	3.0	3.2	14.8%	11.2%
Legal	10.3	12.8	13.4	11.8	4.5%	60.4%	12.9	13.7	14.5	7.0%	53.6%
Governance	2.7	4.9	7.9	8.5	45.8%	30.0%	8.2	8.8	9.3	3.1%	35.2%
<b>Total</b>	<b>14.7</b>	<b>19.5</b>	<b>23.5</b>	<b>22.3</b>	<b>15.1%</b>	<b>100.0%</b>	<b>24.0</b>	<b>25.5</b>	<b>26.9</b>	<b>6.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(1.5)			(1.1)	(1.2)	(1.2)		
<b>Economic Classification</b>											
<b>Current payments</b>	<b>14.7</b>	<b>19.5</b>	<b>23.5</b>	<b>22.3</b>	<b>15.1%</b>	<b>100.0%</b>	<b>24.0</b>	<b>25.5</b>	<b>26.9</b>	<b>6.4%</b>	<b>100.0%</b>
Compensation of employees	6.5	13.2	14.1	15.4	33.7%	61.5%	18.2	19.5	20.5	9.9%	74.5%
Goods and services	8.2	6.3	9.3	6.9	-5.6%	38.5%	5.8	6.1	6.4	-2.5%	25.5%
of which:											
Consultants and professional services:	2.4	0.4	4.3	2.9	6.7%	12.6%	1.5	1.5	1.6	-18.0%	7.6%
Business and advisory services											
Travel and subsistence	0.4	2.5	2.8	0.8	24.5%	8.1%	1.8	1.9	2.0	37.8%	6.6%
<b>Total</b>	<b>14.7</b>	<b>19.5</b>	<b>23.5</b>	<b>22.3</b>	<b>15.1%</b>	<b>100.0%</b>	<b>24.0</b>	<b>25.5</b>	<b>26.9</b>	<b>6.4%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	2.7%	5.6%	1.7%	7.6%			9.2%	9.1%	9.4%		

## Personnel information

Table 11.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost
<b>Legal and Governance</b>																			
Salary level	19	3	20	14.1	0.7	19	15.4	0.8	27	18.2	0.7	27	19.5	0.7	27	20.5	0.8	12.4%	100.0%
1 – 6	–	3	–	–	–	3	0.7	0.2	5	0.7	0.1	5	0.7	0.1	5	0.7	0.1	18.6%	18.0%
7 – 10	4	–	6	1.5	0.2	5	1.8	0.4	4	1.3	0.3	4	1.4	0.3	4	1.5	0.4	-7.2%	17.0%
11 – 12	1	–	3	1.4	0.5	3	1.4	0.5	3	1.6	0.5	3	1.7	0.6	3	1.8	0.6	–	12.0%
13 – 16	14	–	11	11.2	1.0	8	11.6	1.5	15	14.6	1.0	15	15.6	1.0	15	16.5	1.1	23.3%	53.0%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on increasing the programme's capacity to provide legal services and transaction and contract management support; and on facilitating the creation of a legislative framework for the department's mandate to ensure compliance with applicable legislation and enhance corporate governance procedures by state owned companies. As a result, the *Legal and Governance* subprogrammes receive the bulk of the programme's allocation over the medium term. In line with the laws governing state owned companies, the Minister of Public Enterprises is obliged to exercise care in carrying out these responsibilities. Specialist corporate legal expertise is frequently required to assist on issues including proposals by state owned companies, and the assessment of contractual obligations and transactions. Spending on consultants who provide legal services decreased between 2010/11 and 2013/14 as internal capacity to perform this function increased. However, due to an increase in transaction services, contractual arrangements and governance arrangements, spending on legal costs is expected to increase over the medium term.

Over the medium term, 74.5 per cent of the programme's budget is allocated to spending on compensation of employees, with the number of personnel projected to increase from 19 in 2013/14 to 27 posts in 2016/17. The projected increase in the establishment and its effect on compensation of employees is a continuation of the trend observable between 2010/11 and 2013/14. There were 3 vacancies as at 30 November 2013 due to the scarcity of skills in these sector specific areas. However, these vacancies are in the process of being filled.

## Programme 3: Portfolio Management and Strategic Partnerships

### Objectives

#### Energy and Broadband Enterprises

- Strengthen the department's oversight role by ensuring the alignment of shareholder strategic intent in relation to the state owned companies' role in achieving government objectives in the energy and information and communication technology sectors on an ongoing basis.
- Contribute to the enhancement of the performance of state owned companies by:
  - evaluating corporate plans to determine whether state owned companies' performance aligns with agreed key performance indicators, and providing advice and guidance to their boards on an ongoing basis
  - monitoring the implementation of corporate plans and shareholder compacts quarterly
  - assessing shareholder and enterprise risks quarterly, and advising boards on areas of concern.

#### Eskom

- Support the security of electricity supply by:
  - examining Eskom's maintenance plans, operational practices, electricity generation and distribution efficiency, and its reserve margins on an ongoing basis

- ensuring that Eskom supplies electricity by monitoring, evaluating and engaging with Eskom on system security and the new build programme to alleviate constraints on an ongoing basis
- monitoring the rollout of the capital investment programme to ensure it is delivered on time, is of appropriate quality and within budget.
- Ensure the legal and regulatory compliance of Eskom by regularly engaging with relevant stakeholders such as the departments of Energy, Environmental Affairs and Water Affairs and with the National Energy Regulator of South Africa regarding policies and regulations affecting Eskom.
- Reduce Eskom's dependence on funding from the fiscus by monitoring cost escalations for its capital investment programme and operations in order to cost effectively roll out the build programme.
- Exercise oversight to ensure that Eskom's capital investment supports local supplier industries by monitoring the implementation of the competitive supplier development programme and evaluating the company's quarterly reports to assess progress.
- Ensure the care and maintenance of the Pebble Bed Modular Reactor Company in accordance with the Cabinet decision that Eskom is to host the company.

#### *Broadband Infraco*

- Support Broadband Infraco in securing government as an anchor client after the finalisation of the information, communication and technology strategy and the broadband implementation plan, thus contributing to its long term sustainability, which will reduce reliance on government for recapitalisation of the company.
- Support increased access to broadband by:
  - monitoring Broadband Infraco's capital expenditure programmes for rolling out the national long distance backhaul infrastructure on an annual basis
  - monitoring the establishment of broadband access points in major cities and under-serviced areas from 5 in 2011/12 to 18 in 2014/15
  - monitoring the implementation of the national, regional and international investment programme as well as providing strategic financial and transactional analysis including interfacing with investors and strategic stakeholders across the sector on an ongoing basis.

#### **Manufacturing Enterprises**

- Ensure continuous alignment between shareholder strategic intent and the objectives of state owned companies in the defence, mining and forestry sector by annually reviewing their enterprise strategies and mandates in the context of industry and policy shifts, and alert their boards and enterprises to material deviations.
- Support state owned companies in delivering on their outcomes as set out in the shareholder compacts and corporate plans by benchmarking key performance measures annually and analysing quarterly and annual reports in order to assess the extent of progress.
- Collaborate with other state owned companies to contribute to achieving the national economic development objectives.

#### *Denel*

- Oversee the development of a long term growth strategy to achieve financial stability and growth of manufactured export products.
- Leverage off the company's advanced manufacturing capability through securing work packages in support of the industrialisation drive aligned with the industrial policy action plan.
- Monitor the implementation of the turnaround plan over the medium term to ensure Denel's sustainability
- Conclude a study to review strategic equity partnerships with multinational companies to address matters such as intellectual property ownership, market access and broad terms of consolidation of original equipment manufacturers in the defence market over the medium term.
- Conclude a study by 2014/15 to review the economic impact derived from the Rooivalk attack helicopter manufacturing programme and apply benefits and lessons learned to other Denel programmes.

#### *Alexkor*

- Monitor the implementation of Alexkor's strategy on an ongoing basis to diversify into coal and lime mining and monitor the implementation of the pooling and sharing joint venture turnaround strategy to ensure increased production and promote financial stability of the joint venture.
- Develop a collaborative model with the state owned mining company over the medium term.
- Support and coordinate the joint efforts of the departments of Public Enterprises, Mineral Resources, and Rural Development and Land Reform to stabilise the Richtersveld region and use revenues to develop sustainable economic activities linked to the agricultural sector on an ongoing basis.

#### *South African Forestry Company*

- Oversee the implementation of the land restitution strategy for claims over the Komatieland Forests land claims settlement model, to ensure meaningful benefits to the successful land claimants over the medium term.
- Oversee the formulation and implementation of the South African Forestry Company corporate strategy, within the forestry sector over the medium term.
- Engage with the Department of Rural Development and Land Reform to warehouse the South African Forestry Company shares in privatised plantations, in terms of the company strategy over the medium term.

#### **Transport Enterprises**

- Ensure the alignment of the corporate strategies of Transnet, South African Airways and South African Express Airways with government's strategic intent and ensure that these state owned transport companies remain competitive, financially sustainable, and deliver an optimal service to the economy.
- Support Transnet, South African Airways and South African Express Airways in delivering their outcomes by identifying appropriate benchmarks and key performance measures for their respective shareholder compacts and corporate plans and assess their performance on a quarterly and annual basis.
- Create an enabling environment for transport enterprises and ensure an appropriate balance between the enterprises' interests, sustainability and developmental objectives by engaging with policy departments and relevant regulators at least once every quarter to discuss and resolve areas of misalignment; and inform the boards of Transnet, South African Airways and South African Express Airways accordingly.
- Implement the national corridor performance measurement system, over the medium term, which will identify inefficiencies in the logistics systems in South Africa; contribute to increased competitiveness; ensure an appropriate modal split between road, rail and pipeline services; ensure effective utilisation of the existing logistics infrastructure; and identify those areas that legitimately qualify for investment and upgrade.
- Contribute to and facilitate the national transport policy formulation, as and when required, to achieve improvements in passenger and cargo movements.

#### *Transnet*

- Provide oversight of Transnet's implementation of the market demand strategy to optimise the economic impact of infrastructure investments on the economy by monitoring the rollout of Transnet's capital expenditure programme on a quarterly and annual basis to assess any significant deviations from corporate plans and potential cost overruns and time delays on major capital projects; and take necessary action when there are deviations.
- Ensure that Transnet operates an efficient, competitive and responsive transport and logistics system by:
  - reviewing the logistics cost in the economy and finalising the methodology to measure Transnet's contribution to transport costs as a percentage of Gross Domestic Product; this will be completed in March 2016
  - overseeing the introduction of multiple private rail operators on the branch line network to revitalise the rail network, and quantifying the operational efficiency of freight corridors to realise socioeconomic benefits by March 2015

- monitoring the implementation of the competitive supplier development programme to leverage off Transnet’s locomotive fleet procurement for the development of local railway supplier industries by evaluating progress towards achieving localisation targets in the Transnet quarterly and annual reports.

#### *South African Airways and South African Express Airways*

- Monitor and assist with the implementation of South African Airways’ long term turnaround strategy and South African Express Airways’ 20:20 vision strategy, on an ongoing basis.
- Provide strategic guidance as and when required to strengthen the financial positions of South African Airways and South African Express Airways to ensure their long-term sustainability.
- Monitor the development of economic regulation and competition policy applications, over the medium term, to ensure that the achievement of the state owned companies’ strategic objectives is not compromised.
- Support the implementation of transformation at South African Airways and South African Express Airways in support of national policies and economic growth, over the medium term, with a specific focus on skills development; job creation; procurement that supports broad based economic empowerment; and corporate social investments targeted at designated groups such as youth, women, people with disabilities, and cooperatives.
- Lead the formulation of policies and strategies for the sustainability of the airlines and improvements within the aviation sector and related systems over the medium term.
- Monitor the development of the West Africa aviation hub in support of the department’s Africa strategy, which focuses on regional infrastructure development to improve South African aviation.

#### **Economic Impact and Policy Alignment**

- Conduct macro-economic modelling, and research and impact assessments, over the medium term, to ensure that state owned companies are contributing to economic growth; enhance the alignment between national industrial and macro-economic policies and the role of state owned companies; and monitor the implementation of these objectives.
- Develop frameworks and guidelines to ensure that state owned companies comply and align with environmental laws and policies to optimise their role in reducing carbon emissions and developing the green economy, while supporting the companies’ business needs; and monitor the implementation of these objectives on an ongoing basis.
- Develop frameworks and guidelines for the economic and social transformation agendas of state owned companies to ensure their support for and alignment with national policies and economic growth, with a specific focus on skills development, job creation, procurement that supports broad based economic empowerment, and corporate social investments targeted at designated groups; and monitor the implementation and measure the impact of these objectives on an ongoing basis.
- Develop a strategy to guide and optimise the disposal of state owned companies’ non-core property in support of the national economic development objectives of transformation, industrialisation, increased employment, and economic growth; and monitor the implementation and measure the impact of these objectives on an ongoing basis.

#### **Strategic Partnerships**

- Identify and oversee major investment projects, as and when required, by defining at least one catalytic investment to be driven by the department; and oversee the project implementation from pre-feasibility to completion, including the design of relevant compacts.
- Secure funding for major investment projects by developing innovative funding structures and designing associated compacts with relevant partners, on an ongoing basis.
- Leverage off state owned companies’ procurement programmes to drive industrialisation and create jobs by developing overarching procurement leverage policies, overseeing fleet procurement design and implementation, establishing collaborative initiatives between state owned companies and large customers, and developing and implementing capability building programmes and institutions, on an ongoing basis.

## Subprogrammes

- *Energy and Broadband Enterprises* manages the portfolio of state owned companies whose focus is energy and broadband, including Eskom, and Broadband Infraco. In 2013/14, the department supported Eskom with its multi-year price determination application, which determined Eskom's revenue requirements for the next five years. In 2013/14, the department focused on the completion and protection of the state's intellectual property strategy and on monitoring the implementation of the care and maintenance of the Pebble Bed Modular Reactor Company. This subprogramme had a staff complement of 23 in 2013/14.
- *Manufacturing Enterprises* exercises shareholder oversight over Denel, Alexkor and the South African Forestry Company. In 2013/14 the development, and Cabinet approval, of Denel's turnaround plan was monitored, with implementation progressing satisfactorily and the company recording positive financial results. In 2013/14, the department continued to monitor the execution of activities linked to the deed of settlement with the Richtersveld community supported by the transfer of R350 million in 2012/13 to help Alexkor meet all its obligations related to that settlement. The South African Forestry Company's new role as an agent for rural economic development was finalised and the board has been strengthened with the requisite skills in order to carry out their mandate. This subprogramme had a staff complement of 14 in 2013/14.
- *Transport Enterprises* exercises shareholder oversight over Transnet, South African Airways and South African Express Airways. The department closely monitored the implementation of the Transnet market demand strategy capital roll out programme and other key projects. The department was instrumental in setting the parameters for the development of the South African Airways long term turnaround strategy that was finalised in 2013/14. This subprogramme had a staff complement of 21 in 2013/14.
- *Economic Impact and Policy Alignment* aligns state owned companies with overarching government economic, social and environmental policies. The subprogramme is organised into: management, which provides strategic leadership and management of the subprogramme's personnel; environmental policy alignment, which oversees alignment and implementation of state owned companies' strategically important developments, with a special focus on the Eskom and Transnet build programmes, and provides oversight and alignment of the climate change policy framework for state owned companies in support of national policies and the green economy; economic policy alignment, which focuses on appropriate macroeconomic modelling and research to enhance the links between industrial policy, macroeconomic policy and the role of state owned companies; transformation, skills development and youth development, which focuses on the provision of scarce and critical skills by the state owned companies in support of the national skills agenda and the new growth path, as well as optimising the state owned companies' skills training facilities through national skills funding. In 2013/14 the subprogramme analysed and monitored the state owned companies' dashboards and completed a transformation dialogue report. It had a staff complement of 11 in 2013/14.
- *Strategic Partnerships* ensures that state owned companies maintain commercial sustainability and attain desired strategic outcomes and objectives. The subprogramme is organised into: management, which provides strategic leadership and management of the subprogramme's personnel; project oversight, which defines catalytic investments that are to be driven by the department, and oversees project implementation from pre-feasibility to completion; funding mechanisms, which assists in developing innovative funding structures and designing associated compacts with relevant partners; and supplier relationships, which develops overarching procurement leverage policies, oversees fleet procurement design and implementation, including panel reviews, and develops and implements capability building programmes and institutions. This subprogramme had a staff complement of 8 in 2013/14.

## Expenditure estimates

**Table 11.9 Portfolio Management and Strategic Partnerships**

Subprogramme	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
Energy and Broadband Enterprises	170.9	56.5	13.9	17.7	-53.0%	12.8%	17.7	21.1	22.0	7.5%	18.8%	
Manufacturing Enterprises	225.6	123.4	1 178.3	72.9	-31.4%	79.1%	18.1	18.0	18.8	-36.4%	30.6%	
Transport Enterprises	19.1	18.8	20.0	20.1	1.7%	3.9%	24.3	25.0	24.1	6.2%	22.4%	
Economic Impact and Policy Alignment	10.1	11.7	10.0	19.1	23.6%	2.5%	13.3	14.1	14.6	-8.6%	14.6%	
Strategic Partnerships	11.5	7.6	6.0	10.9	-1.7%	1.8%	10.3	15.1	20.9	24.2%	13.7%	
<b>Total</b>	<b>437.2</b>	<b>218.0</b>	<b>1 228.2</b>	<b>140.8</b>	<b>-31.5%</b>	<b>100.0%</b>	<b>83.7</b>	<b>93.3</b>	<b>100.5</b>	<b>-10.6%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				54.9			(9.7)	(10.4)	(0.8)			

### Economic classification

<b>Current payments</b>	<b>61.3</b>	<b>61.7</b>	<b>59.8</b>	<b>83.5</b>	<b>10.9%</b>	<b>13.2%</b>	<b>83.7</b>	<b>93.3</b>	<b>100.5</b>	<b>6.3%</b>	<b>86.3%</b>
Compensation of employees	33.9	31.7	34.5	50.1	13.8%	7.4%	60.4	64.5	70.1	11.9%	58.6%
Goods and services	27.3	30.0	25.3	33.4	7.0%	5.7%	23.3	28.7	30.3	-3.2%	27.7%
of which:											
Consultants and professional services:	22.6	23.2	16.3	19.6	-4.6%	4.0%	15.2	20.4	21.3	2.8%	18.3%
Business and advisory services											
Travel and subsistence	3.2	5.4	5.9	8.6	39.8%	1.1%	6.8	6.9	7.5	-4.4%	7.1%
<b>Transfers and subsidies</b>	<b>237.3</b>	<b>156.3</b>	<b>118.4</b>	<b>57.3</b>	<b>-37.7%</b>	<b>28.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>13.7%</b>
Public corporations and private enterprises	237.3	156.3	118.3	57.3	-37.7%	28.1%	-	-	-	-100.0%	13.7%
Households	-	-	0.1	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>138.6</b>	<b>-</b>	<b>1 050.0</b>	<b>-</b>	<b>-100.0%</b>	<b>58.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>437.2</b>	<b>218.0</b>	<b>1 228.2</b>	<b>140.8</b>	<b>-31.5%</b>	<b>100.0%</b>	<b>83.7</b>	<b>93.3</b>	<b>100.5</b>	<b>-10.6%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>81.0%</b>	<b>63.0%</b>	<b>89.8%</b>	<b>47.9%</b>			<b>32.2%</b>	<b>33.4%</b>	<b>35.2%</b>		

### Details of selected transfers and subsidies

<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>237.3</b>	<b>156.3</b>	<b>118.3</b>	<b>57.3</b>	<b>-37.7%</b>	<b>28.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>13.7%</b>
Pebble Bed Modular Reactor	20.0	40.0	-	-	-100.0%	3.0%	-	-	-	-	-
Denel	181.3	116.3	118.3	57.3	-31.9%	23.4%	-	-	-	-100.0%	13.7%
Alexkor	36.0	-	-	-	-100.0%	1.8%	-	-	-	-	-

## Personnel information

**Table 11.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Portfolio Management and Strategic Partnerships	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Salary level	77	13	49	34.5	0.7	86	50.1	0.6	97	60.4	0.6	97	64.5	0.7	97	70.1	0.7	4.1%	100.0%
1-6	-	13	-	-	-	13	1.6	0.1	17	2.3	0.1	17	2.9	0.2	17	5.2	0.3	9.4%	17.0%
7-10	21	-	17	5.6	0.3	20	5.9	0.3	20	6.5	0.3	20	6.8	0.3	20	7.2	0.4	-	21.2%
11-12	15	-	10	7.3	0.7	15	8.3	0.6	17	10.0	0.6	17	10.1	0.6	17	10.6	0.6	4.3%	17.5%
13-16	41	-	22	21.6	1.0	38	34.3	0.9	43	41.6	1.0	43	44.7	1.0	43	47.1	1.1	4.2%	44.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on enhancing capacity to oversee strategic infrastructure projects. This includes training staff and developing new project management tools to improve oversight of the current build programme. Because of the need to provide effective oversight of the state owned companies, spending on compensation of employees increased between 2010/11 and 2013/14 and is expected to continue to increase over the medium term. The increase in the number of personnel from 90 in 2013/14 to 97 in 2016/17 is

attributed to additional approved and funded posts, which come into effect in 2014/15 to strengthen the strategic oversight function of the department on infrastructure projects. As at 30 November 2013 there were 4 vacancies due to new positions created, which will be filled by 2014/15. The department makes use of consultants for specialised services in transport, manufacturing and broadband sectors, which, notwithstanding the increased capacity in the department, is still a necessity. Due to the realignment of functions expenditure on goods and services is expected to decrease over the medium term.

In the *Energy and Broadband Enterprises* and *Manufacturing Enterprises* subprogrammes, expenditure decreased significantly between 2011/12 and 2013/14, and is expected to decrease over the medium term due to once-off recapitalising payments in 2012/13 to the state owned companies. Between 2010/11 and 2012/13, a total of R473.2 million was paid to Denel for claims under an indemnity agreement, while Denel received a further R700 million in 2012/13 for recapitalising the entity. In 2010/11, R36 million was paid to Alexkor to establish a joint venture with the Richtersveld community under an out of court settlement for land claims. A further R350 million was allocated to the entity in 2012/13 to address liabilities in terms of the deed of settlement and other obligations. Between 2010/11 and 2011/12 a total of R60 million was transferred to the Pebble Bed Modular Reactor Company to comply with statutory requirements for the decommissioning and dismantling of the fuel development laboratory and implementation of the care and maintenance programme. Broadband Infraco received R138.6 million for capital and operational costs; this is reflected as a payment for financial assets during 2010/11.

## **Other public entities and agencies**

### **Overview: 2010/11 – 2016/17**

#### **Alexkor**

Alexkor was established in terms of the Alexkor Limited Act (1992) in order to mine marine and land diamonds in Alexander Bay. The company and the government reached an out of court settlement in 1998 with the Richtersveld community over the community's land claim. The settlement provides for the formation of a joint venture between the company and the community, whereby Alexkor retains its marine mining rights and the Richtersveld Mining Company, on behalf of the community, remains the holder of the land mining rights. Alexkor and the Richtersveld Mining Company have placed their marine and land mining rights under the control of the joint venture. The settlement also directs government to upgrade the Alexkor township to municipal standards in order to transfer the township to the Richtersveld local municipality.

Since 7 April 2011, all diamond sales were for the account of the pooling and sharing joint venture. Alexkor has no other income generated from operations apart from its 51 per cent share in the joint venture. The company posted a profit of R29.7 million, compared to a loss of R14.0 million in 2012/13. Alexkor was recapitalised by R350 million in 2012/13. This had a positive impact on the company's financial statements. As a result, Alexkor's profitability improved significantly from the previous year.

Alexkor's main focus has been the sustainability of the joint venture and it was given the mandate to investigate alternative investment opportunities outside the Richtersveld area and the mining of other minerals. This is to negate the risks of depending on returns from the joint venture. To date, Alexkor has identified coal and limestone mining operations as focus areas by partnering with other state owned companies.

Alexkor's focus, apart from diversifying, will be on fulfilling the 2007 deed of settlement obligations. There are only two remaining obligations: the handover of the township to the Richtersveld municipality, which was expected to be transferred in 2013/14; and the settling of the rehabilitation liability, which will create jobs over the 15 year life of environmental rehabilitation.

#### **Broadband Infraco**

Broadband Infraco was established in 2007 in terms of the Broadband Infraco Act (2007) as a state led intervention to introduce competition in the telecommunications market and to contribute to increasing access to broadband services, including in underserved areas. It has invested in a national long distance fibre optic network, building on the foundation of the fibre optic assets deployed by Eskom on power transmission lines

and Transnet on railway lines. Broadband Infraco launched its services to the market in November 2010 after obtaining an electronic communications network services licence in October 2009. By March 2013, Broadband Infraco had deployed and commissioned 13 125 kilometres of network.

In addition to national connectivity, the other major cost component of capital expenditure for the company has been the international connectivity, which includes the rollout of the West Africa coast cable system. The system will reduce broadband costs, increase bandwidth capacity, and ensure regional connectivity for South Africa and other African states. To this end, the company has concluded an agreement with the Council for Scientific and Industrial Research with the assistance of the department. The objective is to support the Square Kilometre Array project and other research projects through this investment in cable systems.

In 2006/07, a capital transfer of R1.3 billion was made to Broadband Infraco for establishment and operational costs. This was made up of R627 million in 2006/07, R377 million in 2008/09, R208.5 million in 2009/10, and a final transfer of R138.6 million in 2010/11. There have been no further transfers to the company since 2010/11, and the company has been able to generate cash flows to complement shareholder funding. The company is also expected to play a significant role in terms of broadband infrastructure roll out and the objective of achieving universal broadband access by 2020. This will require the company to have access to additional resources to contribute to this goal. Broadband Infraco continues to explore funding options and institutions to address its funding gaps in terms of capital investment to ensure that its network meets the service level requirements, reach, and performance of its existing and future customer base. Significant reinvestment in the Broadband Infraco network needs to be undertaken in order to address end of life and technology upgrades so as to meet customer expectations which will enable revenue growth and diversification.

## **Denel**

Denel was incorporated as a private company in 1992 in terms of the South African Companies Act (1973). Its sole shareholder is the South African government.

Denel has made some progress towards ensuring its sustainability. In the past three financial years, the company has posted positive results despite tough market conditions, including cuts in defence spending due to the global economic downturn. A turnaround plan was approved in 2012/13 by Cabinet, indicating the positive steps Denel has taken to return to profitability. This turnaround is anchored on revenue growth through: export contracts and maximising opportunities from the local client, cost containment, strengthening stakeholder relations, and risk sharing partnerships with global clients and suppliers.

Denel Aerostructures, which has been negatively affecting Denel's performance over the years, continues to reduce its losses and is on a course to sustainability. With the foundation laid by the A400M military transport plane price renegotiation and restructuring efforts, Denel Aerostructures has managed to secure additional contracts and continues to explore additional work packages with both current and new original equipment manufacturers.

Denel's financial position has improved with this recent positive financial performance. The R700 million recapitalisation received in 2012/13, and the rollover of the R1.9 billion government guarantees for five years, has allowed Denel to restructure the debt, purge the default risk and improve working capital management. This bodes well for the company's ability to raise the high working capital requirements anticipated as a result of the new contracts, potential and secured.

## **Eskom**

Eskom's mandate is to generate, transmit and distribute electricity to industrial, mining, commercial, agricultural and residential customers and redistributors. The company is governed by the Eskom Conversion Act (2001).

Eskom generates 95 per cent of the electricity used in South Africa, and 45 per cent of the electricity used in Africa. Eskom's reserve margin has been steadily declining since 1999 due to a lack of significant investment in generation capacity and an increase in economic growth, leading to increases in electricity demand. In recent years, Eskom has had to rely on shifting maintenance of the power plants to meet demand, and to address the constrained power system to avoid shedding load. The consequence of this has been an increase in maintenance backlogs and a decline in power plant performance.

Working closely with the government, Eskom has since introduced a recovery plan, which includes securing enough primary energy (the coal stockpile to be greater than the 48 day level) to avoid the incident of 2008 that led to widespread load shedding; the returning to service of power plants that were previously mothballed; and increasing the maintenance done at power stations. This has resulted in the average capacity reserve margin increasing (to be more than 14 per cent commercially available), and the maintenance outage backlog being significantly reduced from the levels seen in previous years.

Additionally, Eskom has since 2004 been undertaking a capacity build programme to increase capacity and ensure the secure and reliable supply of electricity. Completed projects between 2005/06 and 2012/13 include all the returned to service power plant units in Komati, Camden and Grootvlei, and the completion of the two open cycle gas turbines. As a result, Eskom installed and commissioned 6 017 Megawatts of additional generating capacity into the system, installed 4 686 kilometres of transmission networks, and increased its transmission substation capacity by 23 775 megavolt amperes. In 2013/14, the Eskom capital expenditure programme added 260 Megawatts of additional capacity to the national grid, built 787 kilometres of transmission lines, and installed 3 580 megavolt amperes of transformation capacity. Eskom also electrified 144 558 homes. The focus for 2013/14 has been on finalising the revenue application with the energy regulator and developing a response based on the revenue determination; securing the balance of the required funding to complete the new build programme; improving the rollout of the new build programme; improving operational performance and maintenance of assets to ensure security of supply; assessing the entity's role in the implementation of the 2010 integrated resource plan; and developing the appropriate investment plan for Eskom's future build programme. As at 31 September 2013, 88 per cent of the required funding had been secured, which will ensure that the build programme continues uninterrupted. However, this may change as Eskom reprioritises and responds to the revenue shortfall following the electricity price increase decision.

In support of the commitment to introduce independent power producers, Eskom had contracted capacity of 1 135 Megawatts from independent power producers as at the end of March 2013. Over the period between 2011/12 and 2018/19, Eskom's build programme is estimated at about R330 billion. Eskom plans to deliver an additional 11 126 Megawatts of capacity into the system, which will go a long way towards addressing the current constraints. The company continues to play a key role in demand side management with the successful implementation and execution of the comprehensive suite of integrated demand management solutions that will exceed targets set by shareholders and the National Energy Regulator of South Africa.

Over the long term, Eskom's planned capacity expansion programme is expected to double capacity to 80 000 Megawatts by 2026, with a budget over that timeframe of more than a trillion rand. This will include the power stations Medupi, Kusile and Ingula.

As its sole shareholder, Eskom has hosted the Pebble Bed Modular Reactor Company since 1 April 2012 to minimise costs and ensure implementation of its care and maintenance in accordance with a Cabinet decision. The reactor was mandated to research and develop nuclear energy, and was funded wholly by the government. The project was established in 1999 as a nuclear architect engineering company that was to design and licence a standardised nuclear heat supply system and pebble fuel, and develop and market small scale, high temperature reactors locally and internationally.

Cabinet approved that the company be placed into care and maintenance to protect its intellectual property and assets while ensuring that no additional funding will be required from government. The department is monitoring the implementation of this care and maintenance.

### **South African Forestry Company Limited**

The South African Forestry Company Limited's mandate is to ensure the sustainability of forests under its management, and to play a catalytic role in the realisation of the state's afforestation, rural development and transformation goals. The company remains certified through the Forestry Stewardship Council for forestry plantation and chain of custody.

The company's performance over the past three financial years has worsened as a result of a slow recovery in its primary market, the residential construction sector, as well as rigid business structures. This has seen the company's cash reserves reducing over this period, with its cash generation from operations under strain from

the above factors. Despite this, the company's solvency remains solid; this ensures that it continues trading as a going concern. This will be critical when the company begins its capital investment programme.

The company has expanded its rural development contribution, as it assumes its role as a rural development agent. This has resulted in the signing of social compacts with communities surrounding its operations, with some already being implemented. The main areas of these corporate social investments are in education, recreational centres, health care, and enterprise development.

## **South African Airways**

South African Airways is South Africa's national air carrier, which operates a full service network in the international, regional and domestic markets, from its head office at OR Tambo International Airport.

The airline has developed a long term turnaround strategy to ensure the long term sustainability of the airline and reduce its reliance on government for financial support. The airline is in the process of refining an implementation plan for the strategy, though it has started with some of the initiatives that require implementation, such as the review of strategic code share agreements and its route network. The airline is also focusing on achieving its strategic objectives as defined in its shareholder's compact to ensure it achieves a sustainable capital base and financial efficiency, led by a focus on commercial and operational efficiencies and effectiveness.

The airline continues to be affected negatively by increasing oil prices and the deteriorating exchange rate, as most of the operating costs are denominated in United States dollars. This is exacerbated by operating fuel inefficient aircraft, high airport and navigation charges, as well as increased competition from carriers from the Middle East. These factors have a significant impact on the financial performance of the airline.

Over the medium term period, South African Airways will focus on improving its procurement processes and compliance with the Public Finance Management Act (2008) to reduce irregular, fruitless and wasteful expenditure.

## **South African Express Airways**

The airline operates regional and domestic flights from OR Tambo International Airport, King Shaka International Airport, and Cape Town International Airport, serving secondary routes in South Africa and the continent. South African Express Airways operates regional routes to Botswana, Namibia, the Democratic Republic of the Congo, Zimbabwe, Zambia and Mozambique. It also provides feeder air services that connect with South African Airways' network.

The airline's 2010/11 financial statements were restated in August 2012. This followed a misstatement in relation to value added tax recoverable, and amounts owing from South African Airways of R48 million. Further errors and omissions were identified by management but could not be substantiated to the satisfaction of the auditors, resulting in a disclaimer of opinion for the restated 2010/11 annual financial statements. This has affected the airline's ability to raise funds without government support.

The slowdown in the economy also affected the airline's ability to generate profits, and it reported a loss of R187 million in the restated 2010/11 annual financial statements after four previous consecutive years of profit generation. Although South African Express Airways began replacing its aged fleet, the process was suspended after receiving 7 of the 24 planes due to liquidity challenges, which were exacerbated by the economic slowdown. The disclaimer of opinion on the 2010/11 annual financial statements also resulted in financial institutions suspending any further financial support on the strength of the balance sheet. Although the restated 2010/11 annual financial statements resulted in equity declining from R1.2 billion to R462 million, the gearing was still within industry standards. However, the disclaimer of opinion resulted in the airline approaching government for temporary support in the form of a guarantee, as it was unable to borrow on the strength of its balance sheet. A guarantee of R539 million was granted in March 2013. The company has also subsequently tabled the 2011/12 and 2012/13 annual reports, and has no outstanding annual reports due for tabling. There have been improvements in the audit reports issued on the airline's annual financial statements, from a disclaimer of opinion for the 2010/11 and 2011/12 annual financial statements to a qualified audit report for the 2012/13 annual financial statements. The airline is aiming for an unqualified audit report in the next financial year.

The airline's joint venture with a local partner in the Democratic Republic of Congo, Congo Express, which began in February 2010 as part of the implementation of the African hub strategy, was dissolved in September 2010. This was despite efforts by South African Express Airways to address issues of financial and operational performance in order to improve the joint venture prospect. Lessons learnt from the failed operation will be used in all future implementation of the African hub strategy.

The focus over the medium term will be on expanding the airline's operations in the African market and on establishing Durban as a regional hub. To date, operations between Lusaka and Durban, and Harare and Durban, have commenced. Furthermore, the airline intends to strengthen its balance sheet through the generation of profit and cash flow. The airline will also strive to restore confidence in its financial position and performance over the medium term and beyond.

## **Transnet**

Transnet's mandate is to assist in lowering the cost of doing business in South Africa, enabling economic growth, and ensuring security of supply through providing appropriate port, rail and pipeline infrastructure in a cost effective and efficient manner, within acceptable benchmarks.

The anticipated economic recovery post the recession has not gained as much momentum as was expected. However, despite the prolonged economic slowdown, Transnet has continued to post a strong financial performance over the past three years. Revenue grew by an average rate of over 16 per cent per year during the period under review, from R37.9 billion in 2010/11 to R50.2 billion in 2012/13. Net profit average growth for the same period was only 2.4 per cent per year. This was due to major increases in operating expenses, especially in fuel and electricity.

In 2012/13, Transnet introduced the market demand strategy, which aims to increase capacity through infrastructure investments and efficiency improvements in order to meet customer demand and recapture lost volumes. The strategy is underwritten by a rolling capital expenditure programme of just over R300 billion for the seven year period, which is expected to create 588 000 new job opportunities over the same period. From 2011/12 to 2012/13, Transnet spent a total of R71 billion on capital projects. It will spend a further R121 billion between 2013/14 and 2015/16, most of which will be spent on the rail division in order to replace the aged locomotive and wagon fleet.

In spite of the increased funding acquired for capital investments over the past few years, the company's balance sheet has remained very strong with a current gearing ratio of 45.6 per cent. This indicates Transnet's ability to raise more funds in the debt markets. In accordance with the market demand strategy, two thirds of the capital programme will be funded from cash generated from operations, and the remaining third from external funding sources.

Freight rail volumes grew from 181 megatons in 2010/11 to 207 megatons in 2012/13, an average annual growth of 7 per cent. Container volumes, however, only had an average annual growth of 4 per cent over the same period. The lower growth in container volumes was due to depressed demand as a result of the economic slowdown. Pipeline volumes were also affected by the economic slowdown, as total volumes pumped decreased from 18 billion litres in 2010/11 to 15.9 billion in 2012/13. It should be noted that the 2010/11 volumes were significantly higher due to the increased economic activity related to the 2010 FIFA World Cup.

The focus of Transnet over the medium term will be on recapturing rail friendly volumes from road traffic by replacing the aged locomotive fleet and employing modern technologies to improve on efficiencies. Transnet will also be ensuring that complementary capacity is created at the ports in line with the strategy of creating capacity ahead of demand.

# Vote 12

## Public Service and Administration

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	211.4	206.9	0.1	4.4	231.6	240.6
Human Resource Management and Development	37.6	37.4	–	0.2	38.4	40.2
Labour Relations and Remuneration Management	48.5	48.3	–	0.1	33.1	37.5
Public Sector Information and Communication Technology Management	37.6	37.5	–	0.1	35.9	38.5
Service Delivery and Organisational Transformation	237.8	74.1	163.2	0.4	245.4	257.9
Governance and International Relations	302.3	74.3	226.9	1.1	292.4	314.7
<b>Total expenditure estimates</b>	<b>875.1</b>	<b>478.6</b>	<b>390.2</b>	<b>6.3</b>	<b>876.8</b>	<b>929.3</b>

Executive authority Minister of Public Service and Administration  
Accounting officer Director General of Public Service and Administration  
Website address [www.dpsa.gov.za](http://www.dpsa.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Lead the modernisation of the public service, through a generally applicable framework of norms and standards, to improve service delivery.*

### Mandate

The Department of Public Service and Administration draws its mandate from section 195(1) of the Constitution, which sets out basic values and principles that the public service should adhere to, and the Public Service Act (1994).

The department's mandate is to:

- transform and modernise the public service
- oversee changes to the structure of the public service
- improve the effectiveness and efficiency of the public service and its service delivery to the public
- establish norms and standards for human resources management and development, conditions of service, labour relations, IT and service delivery
- issue directives and regulations for the public service
- formulate the national anti-corruption strategy
- exercise oversight over the State Information Technology Agency.

### Strategic goals

The department's strategic goals over the medium term are to:

- ensure that compliance with all the public administration and public service policies and regulations improves
- continue to provide support and targeted interventions to support departments in achieving the required levels of compliance

- improve citizens' satisfaction levels as measured against specific service delivery criteria
- strengthen departments' organisational structures and business processes to enable more effective service delivery
- enhance the use and efficiency of ICT as a resource that enables government to better communicate with and deliver integrated services to the citizens of South Africa
- improve the efficiency of human resource management and development practices, norms and standards
- improve citizen engagement and public participation in policy development and feedback provision on the delivery of government services
- intensify the fight against corruption through the implementation of anti-corruption policies and interventions
- contribute towards improved public service and administration in Africa and the international arena through sharing lessons and best practices.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide policy, strategic leadership and overall management of the department.

### Programme 2: Human Resource Management and Development

**Purpose:** Develop, implement and monitor public service human resource management policies.

### Programme 3: Labour Relations and Remuneration Management

**Purpose:** Develop, implement and maintain public service labour relations and compensation policies. Ensure coordinated engagement with organised labour.

### Programme 4: Public Sector Information and Communication Technology Management

**Purpose:** Develop, implement and monitor public service information communication technology policies and norms and standards that enable citizen centred services.

### Programme 5: Service Delivery and Organisational Transformation

**Purpose:** Promote the service delivery and organisational transformation framework of the public service. Engage in interventions and partnerships to promote efficient and effective service delivery.

### Programme 6: Governance and International Relations

**Purpose:** Improve participatory governance, strengthen the fight against corruption and engage with international partners in the field of public administration.

## Selected performance indicators

**Table 12.1 Public Service and Administration**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of departments submitting annual human resource development implementation plans per year	Human Resource Management and Development	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	100	45	82	137	153	153	153
Number of departments equipped with tools and skills in employee health and wellness policies per year	Human Resource Management and Development		46	45	120	115	138	150	153

Table 12.1 Public Service and Administration

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of provincial and national departments supported in the implementation of human resource management and development policies, directives and guidelines per year	Human Resource Management and Development	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	- <sup>1</sup>	45	120	50	50	60	60
Number of expenditure review and research reports produced per year	Labour Relations and Remuneration Management		- <sup>1</sup>	- <sup>1</sup>	2	3	4	4	4
Total number of Thusong service centres providing citizen focused services	Public Sector Information and Communication Technology Management		- <sup>1</sup>	70	102	90	100	100	100
Number of departments in which quality methodologies on business process management have been rolled out per year	Service Delivery and Organisational Transformation		- <sup>1</sup>	45	2 <sup>2</sup>	10	14	14	14
Number of national and provincial departments in which training in Batho Pele principles is conducted per year	Service Delivery and Organisational Transformation		- <sup>1</sup>	14	17	20	20	20	20
Number of departments assisted with organisational development interventions per year	Service Delivery and Organisational Transformation		20	88	20 <sup>3</sup>	15	15	15	14
Number of departments supported with capacity building and assistance with the development of delegations per year	Service Delivery and Organisational Transformation		- <sup>1</sup>	196	169	60	10	10	10
Number of national and provincial departments supported with the development of service delivery improvement plans per year	Service Delivery and Organisational Transformation		- <sup>1</sup>	- <sup>1</sup>	128	59	62	60	60
Number of departments in which employee satisfaction surveys are conducted per year	Governance and International Relations		4	1	4	5	10	10	10
Number of international governance and public administration projects implemented through departments and international agencies	Governance and International Relations		2	6	0 <sup>4</sup>	4	4	4	4
Number of international bilateral and multilateral engagements facilitated and coordinated per year	Governance and International Relations		2	4	12	4	4	4	4

1. Indicator was introduced after 2010/11 or 2011/12.

2. The initiative targeted all departments when it began in 2011/12. Thereafter, training was provided on request, hence the decrease from 2011/12 onwards.

3. The department expects a lower number of departments to require assistance for organisational development because a large number were assisted in 2011/12.

4. Nothing was achieved due to projects not being approved.

## The national development plan

The goals of the national development plan include building a capable and developmental state and fighting corruption. This requires a state that is able to play a developmental and transformative role, a public service driven by a developmental agenda, excellent intergovernmental relations, and experienced, competent public servants.

The Department of Public Service and Administration, along with other departments and entities within this vote, plays a key role in building the capacity of the state to drive development and transformation and deliver high quality services. By focusing on strengthening organisational structures and developing norms and standards, these departments and entities enable the state to be supported by an efficient and effective public service and improve service delivery and access.

Over the medium term, the department will contribute to the achievement of the national development plan priorities by building a professional public service cadre through reviewing the public service human resource developmental strategic framework, providing support for improvement in the extent and depth of skills for public servants, and capacity building and mandatory training for public service senior management at the

National School of Government. The department also aims to enhance the labour relations framework and monitor the revised disciplinary code and procedures, develop and assist government departments with the implementation of frameworks and methodologies on service delivery improvement plans, improve social cohesion, and respond timeously to citizen complaints.

## Expenditure estimates

Table 12.2 Public Service and Administration

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)		
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14	Average (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17	Average (%)
R million													
Administration	137.2	150.3	181.3	192.8	192.8	12.0%	23.6%	211.4	231.6	240.6	7.7%	25.0%	
Human Resource Management and Development	39.5	32.1	36.6	43.2	43.2	3.1%	5.4%	37.6	38.4	40.2	-2.4%	4.5%	
Labour Relations and Remuneration Management	19.3	24.6	26.9	53.0	53.0	40.0%	4.4%	48.5	33.1	37.5	-10.9%	4.9%	
Public Sector Information and Communication Technology Management	32.4	34.7	22.2	36.3	36.3	3.8%	4.5%	37.6	35.9	38.5	2.0%	4.2%	
Service Delivery and Organisational Transformation	208.0	210.7	221.3	234.0	234.0	4.0%	31.1%	237.8	245.4	257.9	3.3%	27.8%	
Governance and International Relations	191.7	193.0	215.4	270.4	270.4	12.1%	31.0%	302.3	292.4	314.7	5.2%	33.6%	
<b>Total</b>	<b>628.2</b>	<b>645.5</b>	<b>703.7</b>	<b>829.7</b>	<b>829.7</b>	<b>9.7%</b>	<b>100.0%</b>	<b>875.1</b>	<b>876.8</b>	<b>929.3</b>	<b>3.9%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				13.4	13.4			15.6	(2.9)	(3.5)			

### Economic classification

	2012/13	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17	2017/18	2013/14 - 2016/17	2017/18
<b>Current payments</b>	<b>364.9</b>	<b>341.5</b>	<b>385.0</b>	<b>467.5</b>	<b>467.5</b>	<b>8.6%</b>	<b>55.5%</b>	<b>478.6</b>	<b>490.7</b>	<b>520.3</b>	<b>3.6%</b>	<b>55.7%</b>
Compensation of employees	175.4	181.9	203.3	267.2	267.2	15.1%	29.5%	265.8	296.5	316.6	5.8%	32.6%
Goods and services	189.2	159.3	181.5	200.4	200.4	1.9%	26.0%	212.7	194.2	203.8	0.6%	23.1%
of which:												
Computer services	33.5	31.8	26.1	32.9	32.9	-0.6%	4.4%	36.1	33.3	37.8	4.8%	4.0%
Consultants and professional services: Business and advisory services	24.6	16.4	14.4	21.7	21.7	-4.1%	2.7%	18.1	5.1	8.2	-27.7%	1.5%
Operating leases	27.1	20.0	21.1	27.7	27.7	0.7%	3.4%	43.5	55.1	59.2	28.9%	5.3%
Travel and subsistence	29.1	35.0	48.1	51.7	51.7	21.1%	5.8%	44.3	37.4	36.0	-11.3%	4.8%
Interest and rent on land	0.4	0.3	0.2	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>256.2</b>	<b>295.8</b>	<b>313.6</b>	<b>357.9</b>	<b>357.9</b>	<b>11.8%</b>	<b>43.6%</b>	<b>390.2</b>	<b>381.4</b>	<b>404.4</b>	<b>4.2%</b>	<b>43.7%</b>
Departmental agencies and accounts	253.0	293.1	311.8	356.5	356.5	12.1%	43.3%	389.3	380.6	403.6	4.2%	43.6%
Foreign governments and international organisations	0.5	0.7	0.8	0.9	0.9	23.9%	0.1%	0.8	0.8	0.8	-2.4%	0.1%
Households	2.7	2.1	1.0	0.6	0.6	-40.9%	0.2%	-	-	-	-100.0%	0.0%
<b>Payments for capital assets</b>	<b>6.9</b>	<b>8.1</b>	<b>5.1</b>	<b>4.3</b>	<b>4.3</b>	<b>-15.0%</b>	<b>0.9%</b>	<b>6.3</b>	<b>4.6</b>	<b>4.6</b>	<b>2.6%</b>	<b>0.6%</b>
Machinery and equipment	6.9	8.1	5.1	4.3	4.3	-15.0%	0.9%	5.9	4.2	4.1	-0.8%	0.5%
Software and other intangible assets	-	0.1	-	-	-	-	0.0%	0.5	0.4	0.4	-	0.0%
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>628.2</b>	<b>645.5</b>	<b>703.7</b>	<b>829.7</b>	<b>829.7</b>	<b>9.7%</b>	<b>100.0%</b>	<b>875.1</b>	<b>876.8</b>	<b>929.3</b>	<b>3.9%</b>	<b>100.0%</b>

## Personnel information

Table 12.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Public Service and Administration	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24					
<b>Salary level</b>	<b>514</b>	<b>39</b>	<b>503</b>	<b>203.3</b>	<b>0.4</b>	<b>553</b>	<b>267.2</b>	<b>0.5</b>	<b>545</b>	<b>265.8</b>	<b>0.5</b>	<b>553</b>	<b>296.5</b>	<b>0.5</b>	<b>560</b>	<b>316.6</b>	<b>0.6</b>	<b>0.4%</b>	<b>100.0%</b>
1 - 6	152	19	145	24.7	0.2	169	27.9	0.2	158	24.7	0.2	159	30.0	0.2	159	31.3	0.2	-2.0%	29.2%
7 - 10	127	8	127	35.1	0.3	130	49.8	0.4	131	40.1	0.3	134	48.5	0.4	135	51.3	0.4	1.3%	24.0%

**Table 12.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014			Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
Public Service and Administration			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost	Unit Cost				
11 – 12	114	7	113	47.4	0.4	117	63.0	0.5	116	65.7	0.6	116	67.4	0.6	118	77.8	0.7	0.3%	21.1%
13 – 16	121	5	118	96.2	0.8	137	126.5	0.9	138	131.6	1.0	142	146.7	1.0	146	152.0	1.0	2.1%	25.5%
Other	–	–	–	–	–	–	–	–	2	3.7	1.9	2	3.9	2.0	2	4.1	2.1	–	0.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on realising an efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship (outcome 12) through the continuing realignment of the department's activities with the ministerial delivery agreement. Together with the other departments within the vote, the department will put measures in place to professionalise the public service, combat corruption, and promote ethical behaviour and integrity across the public service. To this end, the department has repositioned the Public Administration Leadership and Management Academy (PALAMA) and renamed it the National School of Government. The school will receive transfers from the department through the *Service Delivery and Organisational Transformation* programme to enhance and improve the training and continuous professional development of public servants. In addition, through the *Governance and International Relations* programme, the department will support capacity building initiatives in the Public Service Commission to address constraints in the commission's monitoring and evaluation programme. The commission receives an additional Cabinet approved allocation of R26.2 million over the medium term for this purpose.

The department receives additional funding of R10 million in 2014/15 for the Presidential Public Service Remuneration Review Commission, which was established in 2013/14 to review the remuneration policy framework of the public service and establish the appropriateness of remuneration and conditions of service of public servants. Of this amount, R6.3 million is allocated to compensation of employees, and R3.7 million is allocated to goods and services, particularly consultants, travel and subsistence and venues and facilities. In addition, the department has established the government employees housing scheme, an initiative to encourage government employees to become homeowners that is set to be implemented over the medium term. The department also plans to establish an office of norms and standards to ensure that government departments comply with the regulatory frameworks and norms and standards determined by the Minister of Public Service and Administration. All these initiatives are expected to lead to higher staff numbers and therefore spending on compensation of employees, which is set to increase significantly between 2013/14 and 2016/17.

Over the medium term, the department is to effect a Cabinet approved budget reduction of R27 million on non-essential goods and services across all programmes as a result of constant underspending in this area.

## Departmental receipts

**Table 12.4 Receipts**

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16			2016/17
R thousand													
Departmental receipts	2 098	535	471	1 151	1 151	-18.1%	100.0%	831	867	878	-8.6%	100.0%	
Sales of goods and services produced by department	247	245	241	234	234	-1.8%	22.7%	316	332	343	13.6%	32.9%	
Sales by market establishments of which:	194	187	176	160	160	-6.2%	16.9%	250	260	265	18.3%	25.1%	
Rental of open and covered parking	194	187	176	160	160	-6.2%	16.9%	250	260	265	18.3%	25.1%	
Administration fees of which:	53	58	65	74	74	11.8%	5.9%	66	72	78	1.8%	7.8%	
Commission insurance	53	58	64	72	72	10.8%	5.8%	65	70	76	1.8%	7.6%	
Replacement of security cards	–	–	1	2	2	–	0.1%	1	2	2	–	0.2%	

Table 12.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2010/11 - 2013/14	2014/15		
Transfers received	-	84	-	675	675	-	17.8%	-	-	-	-100.0%	18.1%
Interest, dividends and rent on land	21	6	6	5	5	-38.0%	0.9%	40	35	35	91.3%	3.1%
Interest	21	6	6	5	5	-38.0%	0.9%	40	35	35	91.3%	3.1%
Transactions in financial assets and liabilities	1 830	200	224	237	237	-49.4%	58.5%	475	500	500	28.3%	45.9%
<b>Total</b>	<b>2 098</b>	<b>535</b>	<b>471</b>	<b>1 151</b>	<b>1 151</b>	<b>-18.1%</b>	<b>100.0%</b>	<b>831</b>	<b>867</b>	<b>878</b>	<b>-8.6%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 12.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16
R million												
Ministry	32.1	35.4	60.0	43.1	10.3%	25.8%	46.7	61.5	63.0	13.5%	24.5%	
Departmental Management	4.7	8.5	7.2	8.8	23.5%	4.4%	9.6	9.1	9.3	1.8%	4.2%	
Corporate Services	56.1	60.8	70.0	86.5	15.5%	41.3%	91.2	84.7	88.5	0.8%	40.0%	
Finance Administration	16.5	17.8	20.4	22.7	11.3%	11.7%	20.9	21.7	22.5	-0.3%	10.0%	
Internal Audit	4.6	5.3	4.2	6.0	9.1%	3.0%	5.8	5.1	5.3	-4.0%	2.5%	
Office Accommodation	23.2	22.6	19.6	25.7	3.5%	13.8%	37.3	49.5	52.1	26.5%	18.8%	
<b>Total</b>	<b>137.2</b>	<b>150.3</b>	<b>181.3</b>	<b>192.8</b>	<b>12.0%</b>	<b>100.0%</b>	<b>211.4</b>	<b>231.6</b>	<b>240.6</b>	<b>7.7%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				(5.7)			5.2	6.7	-			

#### Economic classification

<b>Current payments</b>	<b>133.7</b>	<b>143.7</b>	<b>176.2</b>	<b>189.8</b>	<b>12.4%</b>	<b>97.2%</b>	<b>206.9</b>	<b>228.5</b>	<b>237.6</b>	<b>7.8%</b>	<b>98.4%</b>
Compensation of employees	65.7	76.0	83.4	102.6	16.0%	49.5%	100.8	122.8	128.0	7.6%	51.8%
Goods and services	67.8	67.4	92.7	87.2	8.8%	47.6%	106.2	105.7	109.6	7.9%	46.6%
of which:											
Computer services	10.7	7.0	12.8	11.3	1.7%	6.3%	13.2	11.3	12.4	3.4%	5.5%
Consultants and professional services:	0.5	0.9	1.6	2.4	70.0%	0.8%	3.1	1.2	1.3	-18.5%	0.9%
Business and advisory services											
Operating leases	20.4	18.2	15.7	23.2	4.5%	11.7%	36.7	47.8	51.3	30.2%	18.1%
Travel and subsistence	10.1	13.7	22.5	19.0	23.4%	9.9%	14.8	10.6	10.3	-18.3%	6.2%
Interest and rent on land	0.2	0.2	0.2	-	-100.0%	0.1%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>1.7</b>	<b>0.9</b>	<b>0.4</b>	<b>60.6%</b>	<b>0.4%</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>-42.5%</b>	<b>0.1%</b>
Departmental agencies and accounts	-	-	-	0.1	-	-	0.1	0.1	0.1	-2.4%	-
Households	0.1	1.7	0.8	0.3	49.2%	0.4%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>3.5</b>	<b>5.0</b>	<b>4.2</b>	<b>2.7</b>	<b>-8.4%</b>	<b>2.3%</b>	<b>4.4</b>	<b>3.0</b>	<b>3.0</b>	<b>3.9%</b>	<b>1.5%</b>
Machinery and equipment	3.5	4.9	4.2	2.7	-8.4%	2.3%	4.3	2.9	3.0	3.6%	1.5%
Software and other intangible assets	-	0.1	-	-	-	-	0.1	0.0	0.0	-	-
<b>Total</b>	<b>137.2</b>	<b>150.3</b>	<b>181.3</b>	<b>192.8</b>	<b>12.0%</b>	<b>100.0%</b>	<b>211.4</b>	<b>231.6</b>	<b>240.6</b>	<b>7.7%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	21.8%	23.3%	25.8%	23.2%			24.2%	26.4%	25.9%		

## Personnel information

Table 12.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014	Number of posts funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2012/13		Unit Cost	2013/14		Unit Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17		
				Number	Cost		Number	Cost		Number	Cost	Number	Cost	Number	Cost	Number	Cost			
Salary level	248	17		242	83.4	0.3	271	102.6	0.4	265	100.8	0.4	265	122.8	0.5	265	128.0	0.5	-0.7%	100.0%
1 - 6	108	9		102	18.3	0.2	117	19.3	0.2	108	15.5	0.1	108	20.0	0.2	108	20.9	0.2	-2.6%	41.4%
7 - 10	63	1		64	16.9	0.3	66	20.9	0.3	66	17.0	0.3	66	24.5	0.4	66	23.9	0.4	-	24.8%

**Table 12.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014			Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
			2012/13			2013/14			2014/15			2015/16			2016/17				
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Administration																			
11 – 12	39	5	40	17.8	0.4	40	22.9	0.6	40	20.0	0.5	40	23.0	0.6	40	23.9	0.6	–	15.0%
13 – 16	38	2	36	30.4	0.8	48	39.5	0.8	49	44.6	0.9	49	51.4	1.0	49	55.1	1.1	0.7%	18.3%
Other	–	–	–	–	–	–	–	–	2	3.7	1.9	2	3.9	2.0	2	4.1	2.1	–	0.6%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing policy, strategic leadership and overall management of the department and public entities reporting to the Minister for Public Service and Administration; and supporting the overall functions of the department, including financial and human resource management support. Therefore, the *Ministry* and *Corporate Services* subprogrammes, which perform these functions, are the largest spending vehicles over the medium term.

Spending in the *Ministry* subprogramme increased significantly between 2010/11 and 2013/14, particularly on compensation of employees and related goods and services, such as travel and subsistence. This was mainly due to an increase in the staff complement from 36 in 2010/11 to 55 in 2013/14 in this subprogramme. The additional capacity was needed to support the department's oversight of public entities and national departments in the same vote in order to achieve the goals set out in the national development plan.

Spending in this subprogramme is expected to continue to increase as a result of funds reprioritised to it to provide for ministerial communication projects that the department will be undertaking over the medium term to promote and brand department work for public consumption.

In addition, the programme has been involved in a number of policy initiatives, which include the establishment of the office of norms and standards and the government employees housing scheme, which will be carried out in the *Governance and International Relations* and *Labour Relations and Remuneration Management* programmes. As a result of increasing personnel numbers over the medium term, the department plans to acquire additional office accommodation, which accounts for the significant increase in spending projected in the *Office Accommodation* subprogramme over the same period.

Cabinet approved budget reductions of R18.3 million over the medium term are to be effected on non-essential goods and services items, such as catering, administration fees and travel and subsistence, and this is reflected in the decrease in spending in the *Financial Administration* and *Internal Audit* subprogrammes over the same period.

## Programme 2: Human Resource Management and Development

### Objectives

- Improve the competency levels of senior management in government by supporting the implementation of the directive on compulsory capacity development and mandatory training days for public service senior managers by March 2015.
- Contribute to building a capable public service by developing policies, regulations, and prescribing procedures to support and improve human resource planning, employment practices and employee performance management systems on an ongoing basis.
- Contribute to the health, safety and positive morale of public service employees by providing support to increase the number of government departments implementing employee health and wellness policies from 115 departments in 2013/14 to 153 departments by March 2017.

- Contribute to building a professional and equitable public service cadre by reviewing the current public service human resource development strategic framework vision 2015 to align it with the national development plan and the new growth path by March 2015.
- Ensure that training and development interventions in the public service are responsive to government priority skills areas by providing a framework or model that will identify priority skills to inform departmental training budgets by March 2015.

## Subprogrammes

- *Management: Human Resource Management* provides for administrative support and management of the programme. In 2012/13 and 2013/14, strategic guidelines and administrative support were provided to enable the development of objectives, the prioritisation of projects and outputs, and the determination of resource requirements. This subprogramme had a staff complement of 4 in 2013/14.
- *Senior Management Services* ensures that there is a professional management service in the public service. This entails establishing and implementing competency based management through developing transversal employment policies, prescripts and guidelines and other career practices for senior management service members. In 2013/14, departments were supported in implementing competency based assessments for senior managers. Stakeholders were also engaged to solicit inputs for the draft directive on compulsory capacity development and mandatory training days for senior managers in the public service. Departments will be trained on the appropriate use of competency assessments results in 2014/15. This subprogramme had a staff complement of 7 in 2013/14.
- *Human Resource Planning, Performances and Practice* develops policies, prescripts, processes and systems; and provides advice and support to departments in implementing improvements to human resource planning, employment practices and employee performance management. In 2012/13, departments were supported through workshops on their roles pertaining to the strategy to improve recruitment and reduce vacancy rates. In 2013/14, the main focus areas were monitoring, analysing and reporting on recruitment and vacancy trends in the public service and compliance of senior management service members in signing performance agreements. This subprogramme had a staff complement of 14 in 2013/14.
- *Diversity Management* develops policies and guidelines on employment equity in the public service that are intended to remove barriers of access into and within the workplace for designated groups, and prevent direct and indirect discrimination against designated groups. This subprogramme also monitors and reports on the achievement of Cabinet approved employment equity targets on race, gender and people with disabilities by public service institutions. In 2012/13, 5 consultation workshops were conducted with national and provincial departments and civil society organisations dealing with gender related issues. In 2013/14, 3 advocacy workshops were conducted to introduce the policy on prevention of sexual harassment. This subprogramme had a staff complement of 8 in 2013/14.
- *Employee Health and Wellness* promotes and manages health and wellness in the public service and improves the occupational health and quality of work life through a holistic and integrated employee health and wellness strategic framework, related policies, guidelines and monitoring and evaluation plans. This subprogramme also coordinates government's mainstreamed response to HIV and AIDS, which is a focal point of the Southern African Development Community (SADC). In 2013/14, the National Public Service Sports Day was held and the implementation of 4 employment health and safety policies was monitored. This subprogramme had a staff complement of 6 in 2013/14.
- *Human Resource Development* aims to improve the competency levels of public servants through targeted capacity development activities, including internships, learnerships, compulsory courses and skills programmes designed to ensure a constant pool of productive and contributing employees through appropriate policies, prescripts, advice and support. In 2013/14, the focus was on monitoring and reporting on the implementation of internships, learnerships and artisan programmes; drafting a framework for the use of departmental training budgets; and developing a methodology to measure the depth of skill levels in the public service. This subprogramme had a staff complement of 9 in 2013/14.
- *Integrated Financial Management Systems* develops and supports the implementation of, and manages the integrated financial management system's human resource module. In 2013/14, the department was assisted in maintaining and enhancing the human resource management module, and the Free State Department of

Education and the Western Cape departments of economic development and tourism were supported in addressing challenges surrounding the implementation of the module. In addition, a fundamental review of the integrated financial management system solution architecture was conducted in conjunction with the National Treasury and the State Information and Technology Agency. This subprogramme had a staff complement of 5 in 2013/14.

## Expenditure estimates

**Table 12.7 Human Resource Management and Development**

Subprogramme	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
Management: Human Resource Management	2.7	3.1	2.9	3.3	6.7%	7.9%	2.9	3.0	3.2	-1.2%	7.8%	
Senior Management Services	3.5	4.2	4.3	5.4	15.7%	11.5%	4.9	4.7	4.9	-3.0%	12.5%	
Human Resource Planning, Performances and Practice	18.3	7.3	8.9	10.2	-17.7%	29.5%	10.2	10.9	11.4	3.8%	26.8%	
Diversity Management	4.8	4.7	4.7	5.9	7.3%	13.2%	5.4	5.6	6.0	0.8%	14.4%	
Employee Health and Wellness	4.0	4.2	6.9	7.7	24.0%	15.1%	5.0	4.7	4.8	-14.3%	14.0%	
Human Resource Development	4.3	5.9	6.0	7.3	19.3%	15.5%	5.8	6.0	6.3	-5.1%	16.0%	
Integrated Financial Management Systems	1.9	2.8	3.0	3.5	22.2%	7.4%	3.3	3.4	3.5	0.6%	8.6%	
<b>Total</b>	<b>39.5</b>	<b>32.1</b>	<b>36.6</b>	<b>43.2</b>	<b>3.1%</b>	<b>100.0%</b>	<b>37.6</b>	<b>38.4</b>	<b>40.2</b>	<b>-2.4%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				2.8			(4.7)	(5.3)	-			

### Economic classification

	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Current payments</b>	<b>39.3</b>	<b>31.9</b>	<b>36.4</b>	<b>42.9</b>	<b>2.9%</b>	<b>99.3%</b>	<b>37.4</b>	<b>38.2</b>	<b>40.0</b>	<b>-2.3%</b>	<b>99.4%</b>
Compensation of employees	22.1	23.5	27.7	30.4	11.2%	68.5%	30.6	32.1	33.5	3.2%	79.5%
Goods and services	17.1	8.4	8.7	12.4	-10.2%	30.8%	6.8	6.1	6.5	-19.5%	20.0%
of which:											
Computer services	0.1	0.1	0.1	0.1	-13.0%	0.3%	0.5	0.6	0.7	90.8%	1.2%
Consultants and professional services: Business and advisory services	11.7	0.7	0.2	0.1	-81.8%	8.3%	0.6	-	-	-100.0%	0.4%
Travel and subsistence	2.6	3.6	3.1	7.4	41.4%	11.0%	2.2	2.6	2.6	-28.9%	9.3%
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.2</b>	<b>42.5%</b>	<b>0.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>
Households	0.1	0.1	0.0	0.2	42.5%	0.2%	-	-	-	-100.0%	0.1%
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.2</b>	<b>15.1%</b>	<b>0.4%</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>-5.1%</b>	<b>0.4%</b>
Machinery and equipment	0.1	0.2	0.1	0.2	15.1%	0.4%	0.2	0.2	0.2	-5.1%	0.4%
<b>Total</b>	<b>39.5</b>	<b>32.1</b>	<b>36.6</b>	<b>43.2</b>	<b>3.1%</b>	<b>100.0%</b>	<b>37.6</b>	<b>38.4</b>	<b>40.2</b>	<b>-2.4%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	6.3%	5.0%	5.2%	5.2%			4.3%	4.4%	4.3%		

## Personnel information

**Table 12.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Human Resource Management and Development	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
Salary level	53	1	53	27.7	0.5	53	30.4	0.6	52	30.6	0.6	52	32.1	0.6	52	33.5	0.6	-0.6%	100.0%
1-6	6	-	5	1.0	0.2	7	1.1	0.2	6	1.2	0.2	6	1.3	0.2	6	1.4	0.2	-5.0%	12.0%
7-10	11	-	12	3.4	0.3	12	3.8	0.3	12	3.6	0.3	12	3.8	0.3	12	4.0	0.3	-	23.0%
11-12	20	-	20	8.9	0.4	19	10.5	0.6	19	10.6	0.6	19	11.6	0.6	19	13.0	0.7	-	36.4%
13-16	16	1	16	14.4	0.9	15	15.1	1.0	15	15.2	1.0	15	15.4	1.0	15	15.1	1.0	-	28.7%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on building a capable public service by measuring the depth of skills levels in the public service, improving recruitment policies and reducing the vacancy rate, and developing retention strategies for department heads and senior management service members. This is set to be achieved through supporting 60 national and provincial departments with the implementation of human resource

management and development policies, directives and guidelines per year; supporting the implementation of the directive on compulsory capacity development and mandatory training days for public service senior managers; and by developing policies, regulations, prescribing procedures to support and improve human resource planning, employment practices and employee performance management systems. In addition, the department expects to increase the number of departments submitting annual human resource development implementation plans from 137 in 2013/14 to 153 in 2016/17. These activities are carried out in the *Human Resource Planning Performances and Practice*, *Senior Management Services* and the *Human Resource Development* subprogrammes, mainly through the allocations to compensation of employees.

The department is also working in collaboration with the National Treasury on developing the integrated financial management systems, which will replace the numerous inadequate and outdated systems employed by the public service with a single solution aligned with the legislation, policies and directives informing the management of public sector organisations. The department is responsible for the development of the human resource management module of the system. As part of the piloting project, the module was implemented in the department between 2010/11 and 2013/14, which explains the increase in spending in the *Integrated Financial Management Systems* subprogramme over this period.

The programme has a funded establishment of 53 posts, of which 4 were vacant at the end of November 2013, due to normal staff turnover. 2 of these positions are expected to be filled by the end of 2013/2014 and the entire establishment is expected to be filled by 2014/15, with personnel numbers then set to remain constant over the medium term.

The programme budget was reduced by R16.1 million over the medium term, of which R15.3 million has been reprioritised to other programmes, while the balance is to be effected on non-essential goods and services items such as catering, administration fees and travel and subsistence. This explains the decrease expected in the programme's expenditure over this period. The reduction in the budget is not expected to have a negative impact on service delivery.

### **Programme 3: Labour Relations and Remuneration Management**

#### **Objectives**

- Coordinate and oversee the implementation of the Public Service Coordinating Bargaining Council resolutions by:
  - monitoring the implementation of its resolution 1 of 2012 by all the roleplayers by March 2015
  - tabling proposed resolutions for negotiation on the conditions of service for public servants in the Public Service Coordinating Bargaining Council for the three-year period starting in 2015/16.
- Promote home ownership by employees in the public service by overseeing the establishment of the Government Employees Housing Scheme and institutional framework by March 2015.
- Contribute to improved productivity, enhanced and fast-tracked service delivery by ensuring the implementation of the Public Service Charter between the state as employer, sectors of civil society and citizens by March 2015.
- Contribute to improving the management of discipline within the public service by enhancing the labour relations framework and negotiating the revised disciplinary code and procedure by March 2015.

#### **Subprogrammes**

- *Management: Labour Relations and Remuneration* provides administrative support to and management of the programme. In 2012/13 and 2013/14, strategic guidelines and administrative support were provided to enable the programme to develop objectives, prioritise projects and outputs, and determine resource requirements. This subprogramme had a staff complement of 3 in 2013/14.
- *Remuneration and Market Analysis* develops, implements and maintains policies, practices and systems on remuneration. Work on the personnel expenditure review started in 2012/13 and was finalised in 2013/14. A new remuneration policy for the public service was also drafted in 2013/14. The focus for 2014/15 is set to be on obtaining approval for this policy and circulating it for implementation by national and provincial

departments. Audits on the selected occupational specific dispensations will also be performed in order to determine a way forward. This subprogramme had a staff complement of 9 in 2013/14.

- *Conditions of Service* focuses on the development, implementation and maintenance of policies and practices on general and macro benefits. In 2014/15, the development and establishment of the Government Employees Housing Scheme and institutional framework will be facilitated, with the objective of promoting home ownership in the public service. Work on this project began in 2012/13. Actuarial models for the revised housing policy were developed and related market surveys were completed in 2013/14. This subprogramme had a staff complement of 11 in 2013/14.
- *Labour Relations and Negotiations* develops, implements and maintains policies and systems on labour relations issues for the public service and ensures coordinated collective bargaining on the Public Service Coordinating Bargaining Council and the General Public Service Sectoral Bargaining Council. In 2012/13, a multi-term wage agreement on salaries and improvement of other conditions of service was negotiated and concluded. In 2013/14, the focus was on implementing the Public Service Coordinating Bargaining Council resolution on the revised disciplinary code and procedure for the public service. This subprogramme had a staff complement of 11 in 2013/14.

## Expenditure estimates

**Table 12.9 Labour Relations and Remuneration Management**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2010/11	2013/14			2014/15
R million												
Management: Labour Relations and Remuneration	1.3	2.4	2.9	2.9	28.6%	7.7%	3.4	3.5	3.6	8.0%	7.8%	
Remuneration and Market Analysis	4.2	8.9	7.6	21.6	72.5%	34.1%	20.4	9.8	10.1	-22.4%	35.9%	
Conditions of Service	5.9	8.8	9.4	16.0	39.3%	32.4%	13.1	8.9	8.8	-18.2%	27.2%	
Labour Relations and Negotiations	7.8	4.5	7.0	12.6	17.1%	25.8%	11.5	10.8	15.0	6.0%	29.0%	
<b>Total</b>	<b>19.3</b>	<b>24.6</b>	<b>26.9</b>	<b>53.0</b>	<b>40.0%</b>	<b>100.0%</b>	<b>48.5</b>	<b>33.1</b>	<b>37.5</b>	<b>-10.9%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				23.4			17.4	5.5	-			
<b>Economic classification</b>												
<b>Current payments</b>	<b>17.5</b>	<b>24.5</b>	<b>26.8</b>	<b>52.9</b>	<b>44.6%</b>	<b>98.2%</b>	<b>48.3</b>	<b>33.0</b>	<b>37.3</b>	<b>-11.0%</b>	<b>99.7%</b>	
Compensation of employees	11.6	13.7	16.6	35.2	44.9%	62.2%	27.0	21.7	25.3	-10.4%	63.4%	
Goods and services	5.9	10.7	10.3	17.7	44.0%	36.0%	21.4	11.3	12.0	-12.1%	36.3%	
of which:												
Computer services	0.1	0.0	0.0	0.1	11.1%	0.2%	2.1	1.1	2.1	190.0%	3.1%	
Consultants and professional services: Business and advisory services	1.0	6.5	6.1	9.5	112.6%	18.6%	7.8	0.9	0.9	-54.9%	11.1%	
Travel and subsistence	0.9	1.0	2.7	4.1	63.0%	7.0%	7.3	7.2	7.0	19.8%	14.8%	
Transfers and subsidies	1.7	0.0	0.0	-	-100.0%	1.4%	-	-	-	-	-	
Households	1.7	0.0	0.0	-	-100.0%	1.4%	-	-	-	-	-	
Payments for capital assets	0.1	0.1	0.1	0.1	2.4%	0.3%	0.1	0.1	0.1	1.5%	0.3%	
Machinery and equipment	0.1	0.1	0.1	0.1	2.4%	0.3%	0.1	0.1	0.1	1.5%	0.3%	
<b>Total</b>	<b>19.3</b>	<b>24.6</b>	<b>26.9</b>	<b>53.0</b>	<b>40.0%</b>	<b>100.0%</b>	<b>48.5</b>	<b>33.1</b>	<b>37.5</b>	<b>-10.9%</b>	<b>100.0%</b>	
Proportion of total programme expenditure to vote expenditure	3.1%	3.8%	3.8%	6.4%			5.5%	3.8%	4.0%			

## Personnel information

**Table 12.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Labour Relations and Remuneration Management	Number of posts estimated for 31 March 2014	Number of posts funded	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2012/13	2013/14	2014/15	2015/16	2016/17	2013/14	2016/17										
Salary level	41	-	-	35	16.6	0.5	41	35.2	0.9	41	27.0	0.7	37	21.7	0.6	41	25.3	0.6	-	100.0%
1-6	5	-	-	5	0.8	0.2	4	0.9	0.2	5	1.0	0.2	5	1.0	0.2	5	1.1	0.2	7.7%	11.9%
7-10	13	-	-	12	5.1	0.4	13	12.0	0.9	13	6.1	0.5	12	4.6	0.4	13	5.0	0.4	-	31.9%
11-12	12	-	-	9	3.5	0.4	11	6.8	0.6	12	8.6	0.7	10	6.2	0.6	12	8.6	0.7	2.9%	28.1%
13-16	11	-	-	9	7.2	0.8	13	15.5	1.2	11	11.3	1.0	10	9.8	1.0	11	10.5	1.0	-5.4%	28.1%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term is on determining the sustainability of the occupation specific dispensation model as an incentive strategy to attract, motivate and retain essential service professionals in the public service. These objectives are expected to be achieved through conducting occupation specific dispensation audits in the *Remuneration and Market Analysis* subprogramme. The audit will mainly be funded from the reprioritisation of savings identified in other programmes. R23.8 million has been reprioritised to this programme over the medium term, of which R7.3 million is in relation to the occupation specific dispensation audits and will impact on spending on goods and services such as travel and subsistence and consultants. R15.8 million has been reprioritised to the *Labour Relations and Negotiations* subprogramme for backlogs identified in disciplinary cases in national departments and user licences for case management. This explains the increase in expenditure in this subprogramme over the medium term, and particularly in 2016/17, when additional employees will be appointed for this purpose.

In addition, during the 2013 adjustments budget process, the department established the Presidential Public Service Remuneration Review Commission to review the remuneration policy framework of the public service to assess the appropriateness of remuneration and conditions of service. Additional funding of R13.6 million was provided for the establishment of the commission in 2013/14 and a further R10 million is allocated for the continuation of the commission's activities in 2014/15. This explains the significant increase in spending on compensation of employees and personnel numbers in 2013/14. The overall spending and the number of filled posts are expected to decrease significantly in 2015/16, as activities relating to the commission are concluded.

In 2011/12, the department established the government employees housing scheme, which is funded through the *Conditions of Service* subprogramme. The scheme is part of government's initiative to promote home ownership among public servants. Expenditure in the *Conditions of Service* subprogramme is expected to decrease over the medium term, as activities relating to the establishment of the scheme are concluded and implementation begins.

To give effect to Cabinet approved budget reductions, R2.7 million over the medium term is set to be cut from spending on non-core goods and services items such as catering and travel and subsistence, which explains the decrease in spending over this period. The reductions will not have an impact on service delivery.

## Programme 4: Public Sector Information and Communication Technology Management

### Objectives

- Improve e-governance by revising the e-government policy and strategic framework, and developing and launching an e-government transversal system for implementation by departments by March 2015.
- Improve the security of government information by launching the minimum information security standards framework and associated standards and monitor their implementation by departments by March 2015.
- Enhance IT governance by developing implementation guidelines to support the implementation of the IT governance framework and monitor its implementation by March 2015.
- Improve the functioning of the State Information Technology Agency by developing mechanisms to address agency related issues as raised by departments and reviewing the shareholder compact and legal and administrative framework of the agency by March 2015.
- Contribute to the improvement of service delivery at Thusong service centres by validating the ICT infrastructure and conducting an impact assessment on improved service delivery at connected centres by March 2015.

### Subprogrammes

- *Management: Public Sector Information and Communication Technology* provides administrative support to and management of the programme. In 2013/14, strategic guidelines and administrative support were provided to enable the development of objectives, the prioritisation of projects and outputs, and the determination of resource requirements. This subprogramme had a staff complement of 3 in 2013/14.

- *E-Government* provides support and leadership to national and provincial departments and the State Information Technology Agency in the development of a government wide architecture and system integration plan. In 2012/13, the green IT policy was finalised with e-waste guidelines as an appendix. Activities in 2013/14 included the development of the draft government wide enterprise architecture framework, which is designed to improve the alignment of ICT planning to the planning of the business, the development of the draft e-government policy framework and the finalisation and adoption of the information security policy framework for the public service. The focus for 2014/15 will be on launching the e-government policy and strategic framework, an e-government transversal system and the minimum information security standards framework and associated standards. Implementation will also be monitored. This subprogramme had a staff complement of 5 in 2013/14.
- *Information and Communication Technology Policy and Planning* develops policies, strategies and regulations on information communication technology across the public service, oversees the State Information Technology Agency, provides secretarial services to the Government Information Technology Officers' Council, and oversees all ICT initiatives in the public service. The free open source software impact assessment, which seeks to address the level of implementation of the related 2007 policy, is being conducted on an ongoing basis. In 2012/13, members of the Government Information Technology Officers' Council were trained on the implementation of the green IT policy. In 2013/14, improvements in the functioning of the State Information Technology Agency were supported with the development of mechanisms to address issues and the review of the shareholder compact and legal and administrative framework of the agency. This subprogramme had a staff complement of 6 in 2013/14.
- *Information and Communication Technology Infrastructure and Operations* supports all national and provincial departments on significant transversal projects and ICT infrastructure related projects. In 2013/14, the Batho Pele gateway call centre was upgraded, ICT infrastructure at 89 of the 96 connected Thusong service centres was validated, IT service management standards were developed, a corporate governance framework of ICT policy was developed and a directive on compliance with the framework was issued by the minister. This subprogramme had a staff complement of 9 in 2013/14.

## Expenditure estimates

**Table 12.11 Public Sector Information and Communication Technology Management**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate		Medium-term expenditure estimate			Average growth rate		Expenditure/total: Average	
	2010/11	2011/12	2012/13		2010/11	2013/14	2014/15	2015/16	2016/17	2013/14	2016/17	2013/14	2016/17
R million													
Management: Public Sector Information and Communication Technology	2.8	1.5	1.2	2.8	0.7%	6.6%	2.8	3.0	3.0	2.6%	7.9%		
E-Government	4.0	3.9	2.0	4.5	3.5%	11.4%	5.3	5.2	5.7	8.3%	13.9%		
Information and Communication Technology Policy and Planning	3.7	4.5	6.6	8.7	33.7%	18.7%	7.8	6.2	6.5	-9.3%	19.7%		
Information and Communication Technology Infrastructure and Operations	22.0	24.8	12.4	20.3	-2.7%	63.2%	21.7	21.5	23.3	4.8%	58.5%		
<b>Total</b>	<b>32.4</b>	<b>34.7</b>	<b>22.2</b>	<b>36.3</b>	<b>3.8%</b>	<b>100.0%</b>	<b>37.6</b>	<b>35.9</b>	<b>38.5</b>	<b>2.0%</b>	<b>100.0%</b>		
Change to 2013 Budget estimate				(3.1)			(6.3)	(7.6)	-				
<b>Economic classification</b>													
<b>Current payments</b>	<b>32.1</b>	<b>34.4</b>	<b>22.2</b>	<b>36.1</b>	<b>3.9%</b>	<b>99.4%</b>	<b>37.5</b>	<b>35.8</b>	<b>38.4</b>	<b>2.1%</b>	<b>99.7%</b>		
Compensation of employees	9.6	8.2	7.8	12.3	8.7%	30.1%	14.9	15.6	16.3	10.0%	39.9%		
Goods and services	22.6	26.2	14.3	23.8	1.8%	69.2%	22.5	20.2	22.1	-2.4%	59.8%		
of which:													
Computer services	16.8	20.5	9.5	15.2	-3.4%	49.3%	16.7	16.1	17.9	5.8%	44.5%		
Consultants and professional services:	2.3	2.7	1.3	2.3	0.5%	6.9%	1.3	-	-	-100.0%	2.5%		
Business and advisory services													
Travel and subsistence	0.9	0.8	1.5	2.3	34.9%	4.4%	1.6	1.5	1.7	-10.2%	4.8%		
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>140.1%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>		
Households	0.0	0.1	0.0	0.1	132.1%	0.1%	-	-	-	-100.0%	0.1%		
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>-29.3%</b>	<b>0.5%</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>-2.8%</b>	<b>0.2%</b>		
Machinery and equipment	0.2	0.2	0.1	0.1	-29.3%	0.5%	0.1	0.1	0.1	-2.8%	0.2%		
<b>Total</b>	<b>32.4</b>	<b>34.7</b>	<b>22.2</b>	<b>36.3</b>	<b>3.8%</b>	<b>100.0%</b>	<b>37.6</b>	<b>35.9</b>	<b>38.5</b>	<b>2.0%</b>	<b>100.0%</b>		
Proportion of total programme expenditure to vote expenditure	5.2%	5.4%	3.2%	4.4%			4.3%	4.1%	4.1%				

## Personnel information

**Table 12.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014			Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost	Unit Cost	Number	Cost	Unit Cost	
<b>Public Sector Information and Communication Technology Management</b>																			
Salary level	24	2	24	7.8	0.3	24	12.3	0.5	25	14.9	0.6	25	15.6	0.6	25	16.3	0.7	1.4%	100.0%
1 – 6	5	2	5	0.7	0.1	5	0.9	0.2	6	1.1	0.2	6	1.1	0.2	6	1.2	0.2	6.3%	23.2%
7 – 10	4	–	4	0.9	0.2	4	1.3	0.3	4	1.3	0.3	4	1.3	0.3	4	1.3	0.3	–	16.2%
11 – 12	3	–	3	1.1	0.4	3	1.5	0.5	3	2.2	0.7	3	2.2	0.7	3	2.9	1.0	–	12.1%
13 – 16	12	–	12	5.1	0.4	12	8.7	0.7	12	10.4	0.9	12	11.0	0.9	12	10.9	0.9	–	48.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on continuing to implement information management and e-government policies in the public service, ensuring the effective operation of the Thusong service centres, and coordinating and managing the Government Information Technology Officers' Council. These objectives will be achieved through increasing the number of Thusong service centres providing citizen focused services from 90 in 2013/14 to 100 in 2016/17, reviewing and implementing various policies related to information management and e-governance in the public service, and coordinating and managing the council and portal. In addition, the department aims to develop and launch an e-government transversal system, which is set to be implemented by all national departments by March 2015. These activities are carried out in the *Information and Communication Technology Policy and Planning*, and *Information and Communication Technology Infrastructure and Operations* subprogrammes, mainly using the funds allocated to compensation of employees, as well as goods and services, particularly computer services.

The department hosts the annual Government Chief Information Officers' Council summit to keep abreast of developments in IT and gain insights into how the quality of service delivery can be raised. Due to the lack of sponsorship in 2012/13, the department had to pay for half the costs related to the hosting of the summit. This resulted in the significant increase in spending between 2011/12 and 2012/13 in the *Information and Communication Technology Policy and Planning* subprogramme, particularly on goods and services, such as travel and subsistence and catering. The department plans to implement cost saving measures and scale down the cost of the summit over the medium term. Expenditure in this subprogramme is therefore expected to decrease over this period, mainly on goods and services items, such as travel and subsistence and catering. The decrease in spending on these items can also be attributed to the R1.1 million Cabinet approved budget reductions effected over this period.

In addition, R20.3 million over the medium term has been reprioritised from this programme, specifically from goods and services such as consultants and computer services, due to the decision to limit the use of consultants and the frequent underspending of the computer services allocation. These reductions explain the below inflation growth expected in the overall programme budget over the medium term.

## Programme 5: Service Delivery and Organisational Transformation

### Objectives

- Facilitate the implementation of service delivery quality improvement initiatives by assisting national and provincial departments with the implementation of frameworks and methodologies on service delivery improvement plans, business process mapping and standard operating procedures, unit costing and geographic mapping by March 2015.
- Provide support in the organisational development and transformation of departments by:

- revising existing legal instruments, frameworks, methodologies and directives on delegations, organisational design and change management within the public service by March 2015
- assisting sector departments as and when requested, to develop sector specific organisational structures and conducting reviews on the efficiency of organisational structures and assessing functional capacity by March 2015
- providing advocacy programmes for organisational development practitioners by March 2015.
- Enhance the professionalism and morale of public servants by focusing on minimum productivity measures required and strategies to acknowledge service delivery improvement efforts by March 2015.
- Contribute towards the improvement of service delivery in government by ensuring effective citizen participation and engagement, responding timeously to citizens' complaints and providing redress using citizen interfacing mechanisms by March 2015.
- Encourage innovative service delivery in the public sector by investigating, testing and piloting at least 2 sustainable innovative service delivery models and solutions per year for replication and mainstreaming.

## Subprogrammes

- *Management: Service Delivery and Organisational Transformation* provides for administrative support and management of the programme. In 2012/13 and 2013/14, strategic guidelines and administrative support were provided to enable the development of objectives, the prioritisation of projects and outputs, and the determination of resource requirements. This subprogramme had a staff complement of 3 in 2013/14.
- *Service Delivery Planning* coordinates and facilitates service delivery improvement initiatives such as the development and implementation of a service delivery planning framework in departments. In 2012/13, a service delivery planning toolkit was successfully institutionalised in all national and provincial departments. The R1.2 million operational budget in 2013/14 was mainly used for consultations and support for the determination of unit costing in the health, human settlement and education sectors. This subprogramme had a staff complement of 4 in 2013/14.
- *Service Delivery Improvement Mechanisms* supports interventions and partnerships that improve efficiency and effectiveness. A study on productivity management began in 2012/13 and will be concluded in 2013/14. In addition, a Batho Pele impact assessment was conducted within the Department of Human Settlements under the umbrella of Public Service Month in 2013/14. The African Public Service Day celebrations and a conversation on service delivery issues were also hosted. Planned activities for 2014/15 include improving the professionalism and morale of public servants by focusing on minimum productivity measures required, and developing strategies to acknowledge service delivery improvement efforts. This subprogramme had a staff complement of 14 in 2013/14.
- *Organisational Development of the Public Sector* focuses on the organisational development of the public sector. In 2012/13, research studies were undertaken and concluded in a draft uniform job grading policy framework for the public service. In 2013/14, the implementation of the standardised delegation templates across the public service was monitored and reported on and departments were assisted in developing sector specific structures. This subprogramme had a staff complement of 16 in 2013/14.
- *Community Development and Participation* ensures the smooth coordination and implementation of the community development workers programme in the public service and the promotion of citizen participation. In 2012/13, community development worker empowerment workshops were held in each province. This was followed by a national conference at which senior government leaders, including the president and ministers, consolidated their views on how community development workers should convey government messages and information to citizens. In 2013/14, wards were profiled and the citizen engagement strategy and Know Your Rights campaign were showcased in the Mpumalanga, Limpopo and North West Provinces. This subprogramme had a staff complement of 5 in 2013/14.
- *Change Management Process and System* promotes cultural change in the public service and coordinates the dissemination of lessons for improving service delivery. The key focus in 2013/14 was on developing a framework to improve the morale of public servants. Other deliverables included a project on the modernisation of government and the development of a change management framework. In 2014/15, activities are set to include providing support to and transforming departments by revising existing legal

instruments, frameworks, methodologies and directives on change management. This subprogramme had a staff complement of 6 in 2013/14.

- *Integrated Access Mechanisms* facilitates community development through providing access to government services. In 2012/13, a national and metro accessibility study focusing on the spatial location and access to government service point was conducted. A study on the geographic accessibility of Thusong service centres in metropolitan areas was also completed. This subprogramme had a staff complement of 3 in 2013/14.
- *National School of Government* aims to enhance the quality, extent and impact of public sector management and leadership development through collaboration with other training service providers, compulsory training programmes, and the facilitation of training for all spheres of government. This subprogramme's total budget is transferred on a monthly basis to the National School of Government.
- *Centre for Public Service Innovation* unlocks innovation in the public sector and creates an enabling environment for improved and innovative service delivery through capacity development activities. The annual innovation conference was hosted in August 2013 in Gauteng and the annual Centre for Public Service Innovation Public Sector Awards ceremony was held in November 2013. This subprogramme had a staff complement of 23 in 2013/14.
- *Public Service Sector Education and Training Authority* develops a coordinated framework for providing public service education and training. This subprogramme's total budget is transferred on a quarterly basis to the Public Service Education and Training Authority.
- *Batho Pele* manages and promotes the Batho Pele programmes in the public service. In 2012/13, capacity building workshops were held in 6 provinces as part of the institutionalisation of the Batho Pele programme. In 2013/14, a toolkit and methodology was developed for conducting a productivity study in the public service and a Batho Pele advocacy programme was also conducted in both national and provincial departments. The focus as per the national priorities was the provincial and national Departments of Health, Education and Human Settlements. To ensure the effective implementation of service delivery improvement programmes, the refocused institutionalisation of the Batho Pele principles will be prioritised in 2014/15. This subprogramme had a staff complement of 6 in 2013/14.

## Expenditure estimates

**Table 12.13 Service Delivery and Organisational Transformation**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Management: Service Delivery and Organisational Transformation	2.8	3.2	3.2	3.9	12.0%	1.5%	3.3	3.1	3.2	-6.0%	1.4%
Service Delivery Planning	2.4	1.6	3.1	3.9	16.7%	1.3%	4.3	4.5	4.7	6.8%	1.8%
Service Delivery Improvement Mechanisms	10.2	13.1	11.0	13.6	10.3%	5.5%	10.0	9.6	9.4	-11.6%	4.4%
Organisational Development of the Public Sector	11.4	11.7	13.4	14.1	7.1%	5.8%	14.8	14.3	14.8	1.7%	5.9%
Community Development and Participation	4.4	5.1	4.5	4.9	3.1%	2.2%	5.4	5.6	5.7	5.2%	2.2%
Change Management Process and System	5.1	13.1	6.0	4.9	-1.6%	3.3%	4.6	4.8	4.9	0.3%	2.0%
Integrated Access Mechanisms	2.7	3.7	6.5	5.3	24.6%	2.1%	4.3	5.1	5.9	4.0%	2.1%
National School of Government	118.4	118.3	124.4	131.9	3.7%	56.4%	138.5	143.7	151.9	4.8%	58.0%
Centre for Public Service Innovation	17.9	17.2	20.6	22.8	8.5%	9.0%	22.3	23.0	24.1	1.8%	9.5%
Public Service Sector Education and Training Authority	27.5	23.7	25.3	23.3	-5.3%	11.4%	24.7	25.8	27.2	5.3%	10.4%
Batho Pele	5.2	-	3.4	5.6	2.1%	1.6%	5.6	5.9	6.1	2.9%	2.4%
<b>Total</b>	<b>208.0</b>	<b>210.7</b>	<b>221.3</b>	<b>234.0</b>	<b>4.0%</b>	<b>100.0%</b>	<b>237.8</b>	<b>245.4</b>	<b>257.9</b>	<b>3.3%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(2.0)			(9.9)	(10.7)	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>88.2</b>	<b>68.4</b>	<b>71.3</b>	<b>78.2</b>	<b>-3.9%</b>	<b>35.0%</b>	<b>74.1</b>	<b>75.5</b>	<b>78.3</b>	<b>0.1%</b>	<b>31.4%</b>
Compensation of employees	44.8	36.4	40.0	47.3	1.9%	19.3%	49.2	51.6	53.9	4.4%	20.7%
Goods and services	43.4	32.0	31.3	30.9	-10.8%	15.7%	24.9	23.9	24.5	-7.4%	10.7%
of which:											
Computer services	3.8	2.1	1.1	3.2	-6.0%	1.2%	0.5	1.1	0.9	-34.8%	0.6%
Consultants and professional services:	5.2	5.5	5.0	2.5	-21.8%	2.1%	1.4	1.5	2.5	-	0.8%
Business and advisory services											

**Table 12.13 Service Delivery and Organisational Transformation**

Economic Classification	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2010/11 - 2013/14	2014/15	2015/16		
R million												
Operating leases	3.0	1.8	1.7	2.1	-11.4%	1.0%	2.3	2.5	2.7	9.0%	1.0%	
Travel and subsistence	7.6	9.5	10.8	11.2	13.9%	4.5%	8.3	7.6	6.7	-16.0%	3.5%	
<b>Transfers and subsidies</b>	<b>119.3</b>	<b>142.1</b>	<b>149.8</b>	<b>155.3</b>	<b>9.2%</b>	<b>64.8%</b>	<b>163.2</b>	<b>169.5</b>	<b>179.1</b>	<b>4.9%</b>	<b>68.4%</b>	
Departmental agencies and accounts	118.4	142.0	149.7	155.3	9.4%	64.7%	163.2	169.5	179.1	4.9%	68.4%	
Households	0.9	0.0	0.1	0.0	-71.3%	0.1%	-	-	-	-100.0%	-	
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.6</b>	<b>11.7%</b>	<b>0.2%</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>-8.7%</b>	<b>0.2%</b>	
Machinery and equipment	0.4	0.2	0.2	0.6	11.7%	0.2%	0.4	0.4	0.4	-8.7%	0.2%	
<b>Total</b>	<b>208.0</b>	<b>210.7</b>	<b>221.3</b>	<b>234.0</b>	<b>4.0%</b>	<b>100.0%</b>	<b>237.8</b>	<b>245.4</b>	<b>257.9</b>	<b>3.3%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>33.1%</b>	<b>32.6%</b>	<b>31.4%</b>	<b>28.2%</b>			<b>27.2%</b>	<b>28.0%</b>	<b>27.7%</b>			

**Details of selected transfers and subsidies**

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	118.4	142.0	149.7	155.3	9.4%	64.7%	163.2	169.5	179.1	4.9%	68.4%
National School of Government	118.4	118.3	124.4	131.9	3.7%	56.4%	138.5	143.7	151.9	4.8%	58.0%
Public Service Sector Education and Training Authority	-	23.7	25.3	23.3	-	8.3%	24.7	25.8	27.2	5.3%	10.4%

**Personnel information****Table 12.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Service Delivery and Organisational Transformation	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17												
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	84	9	85	40.0	0.5	91	47.3	0.5	88	49.2	0.6	88	51.6	0.6	88	53.9	0.6	-1.1%	100.0%
1 - 6	18	7	18	1.9	0.1	22	3.3	0.1	19	3.4	0.2	19	3.6	0.2	19	3.7	0.2	-4.8%	22.3%
7 - 10	17	1	17	4.8	0.3	17	6.1	0.4	17	6.4	0.4	17	6.6	0.4	17	6.3	0.4	-	19.2%
11 - 12	25	1	25	10.5	0.4	25	12.5	0.5	25	14.8	0.6	25	16.1	0.6	25	16.9	0.7	-	28.2%
13 - 16	24	-	25	22.9	0.9	27	25.5	0.9	27	24.7	0.9	27	25.3	0.9	27	26.9	1.0	-	30.4%

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

<sup>2</sup> Rand million.

**Expenditure trends**

The spending focus over the medium term will be on continuing to enhance the quality, extent and impact of public sector management and leadership development, coordinating frameworks for providing public service education and training, and transforming, reforming and using innovation to improve the effectiveness, efficiency and the level of service delivery in the public service. These objectives are set to be achieved through providing training on Batho Pele principles to 20 national and provincial departments per year, supporting 60 national and provincial departments on the development of the service delivery improvement plans per year, and testing and piloting at least 2 sustainable innovative service delivery models and solutions per year for replication and mainstreaming. These objectives are provided for by funds allocated to the *Centre for Public Service Innovation, Service Delivery Improvement Mechanisms* and *Organisational Development of the Public Sector* subprogrammes, particularly on compensation of employees.

Another focus area will be on repositioning PALAMA as the National School of Government to meet the objectives of the public service as set out in the national development plan and the ministerial service delivery agreement. The repositioning of the academy is intended to increase the coverage of government's education, training and development programmes from the current 2 per cent to reach the entire public service. These objectives will be funded from a transfer payment to the *National School of Government* subprogramme.

As part of the Cabinet approved budget reductions, the programme reduced spending mainly on goods and services, such as catering, administration, and travel and subsistence, by R2.4 million over the medium term. The programme also reprioritised R31.5 million, mainly on goods and services such as advertising, computer

service and venues and facilities, as part of cost saving measures to fund departmental priorities in other programmes. These budget reductions are the reason for the significant decrease in spending on goods and services over the medium term.

## **Programme 6: Governance and International Relations**

### **Objectives**

- Contribute to greater alignment of public administration across the 3 spheres of government for strengthened administration and service delivery by developing enabling policy and legislative frameworks by March 2015.
- Contribute to government's fight against corruption in the public service by introducing the public sector integrity management framework and support investigations and disciplinary processes relating to corruption cases by March 2015.
- Ensure South Africa's compliance with the African Peer Review Mechanism by:
  - managing and implementing the African Peer Review Mechanism's national programme of action by March 2015
  - preparing and submitting progress implementation reports and coordinating the second generation country review process by March 2015.
- Contribute to the transformation agenda of the global public service by:
  - participating in continental governance and public administration initiatives by March 2015
  - advancing South-South cooperation, establishing and managing North-South relations and participating in global governance forums by March 2015.
- Ensure accountability and transparency in national and provincial departments by implementing a monitoring and evaluation framework for public service regulations and policies by March 2015.

### **Subprogrammes**

- *Management: Governance and International Relations* provides administrative support and management of the programme. In 2013/14, strategic guidelines and administrative support were provided to enable the development of objectives, the prioritisation of projects and outputs, and the determination of resource requirements. This subprogramme had a staff complement of 3 in 2013/14.
- *Integrity and Ethics Management* is responsible for establishing and implementing strategies for fighting corruption and improving ethical conduct in the public service. In 2012/13, Cabinet approved the ethics and integrity framework for the public service, which includes the financial disclosure system for all public servants; restrictions for public servants doing business with government; strict regulation on public servants performing other remunerative work and restrictions on acceptance of gifts by public servants. The outputs and activities for 2013/14 include the rollout of the electronic disclosure system across government for implementation in April 2014, monitoring and reporting on the implementation of the public sector integrity management framework and the implementation of the anticorruption communication awareness campaign. This subprogramme had a staff complement of 11 in 2013/14.
- *International Cooperation* establishes and maintains bilateral and multilateral relations on governance and public administration by coordinating and facilitating South Africa's engagement with and contribution to continental and international discourses on governance and public administration for improved service delivery. In 2012/13, Cabinet approved the African Charter on the Values and Principles of Public Service and Administration, the department participated in the South Africa-Democratic Republic of Congo Bi-National Commission and a memorandum of understanding was signed with China. The department also participated in several international conferences, including the 15th International Anti-Corruption Conference in Brazil. In 2013/14, South Africa was represented on the African Training and Research Centre in Administration for Development board, the South African Association for Public Administration and Management participated in the tenth forum of Commonwealth heads of African public service in Botswana and the department participated in the biannual Africa Public Service Day celebrations. This subprogramme had a staff complement of 13 in 2013/14.

- *Monitoring and Evaluation* manages a system for monitoring and evaluating public service regulations and related policies that enables transformation in the public sector. The main accomplishments for 2013/14 include the conducting of a citizen report card survey in sampled municipalities, a pilot for an employee satisfaction survey in the public service in Mpumalanga and Gauteng, and the quarterly production and circulation of the strategic human resources performance reports to facilitate improvement of the quality of PERSAL data. This subprogramme had a staff complement of 11 in 2013/14.
- *African Peer Review Mechanism* ensures the domestication and mainstreaming of policies, standards, and practices of the African Peer Review Mechanism programme, contributing towards political stability, high economic growth, sustainable development and accelerated subregional and continental economic integration. The operational budget for 2013/14 was mainly used on consultations in preparation for the tabling of the third national report on the implementation of the programme of action of the African Peer Review Mechanism and expenditure in relation to the open government partnership project. This subprogramme had a staff complement of 11 in 2013/14.
- *Integrated Public Administration Reforms* works towards greater public administration and service delivery alignment through facilitating the introduction of enabling legislative and policy frameworks, stakeholder liaison and programme coordination. In 2013/14, the needs assessment concept document for train service centres began and work on the Public Administration Management Bill progressed to its introduction to Cabinet after an extensive countrywide consultative process. In addition, the Thusong service centre in Soweto was managed and monitored. This subprogramme had a staff complement of 9 in 2013/14.
- *Public Service Commission* funds are transferred to the Public Service Commission, which oversees and evaluates the functioning of the public service with a view to establishing good governance and best practice principles. This subprogramme's total budget is transferred monthly to the Public Service Commission.

## Expenditure estimates

**Table 12.15 Governance and International Relations**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Management: Governance and International Relations	2.5	3.4	3.3	4.0	17.6%	1.5%	3.7	3.6	3.6	-3.9%	1.3%
Integrity and Ethics Management	5.9	8.1	11.5	17.4	43.6%	4.9%	12.8	18.0	20.0	4.7%	5.8%
International Cooperation	10.2	9.2	10.0	11.3	3.3%	4.7%	10.5	11.0	11.4	0.4%	3.8%
Monitoring and Evaluation	7.8	8.1	8.4	12.9	18.4%	4.3%	23.0	24.3	30.9	33.8%	7.7%
African Peer Review Mechanism	12.4	4.5	9.2	11.0	-3.7%	4.3%	11.3	9.8	9.0	-6.6%	3.5%
Integrated Public Administration Reforms	18.4	8.7	10.9	12.6	-11.9%	5.8%	15.0	14.8	15.4	7.0%	4.9%
Public Service Commission	134.6	151.1	162.1	201.1	14.3%	74.5%	226.0	211.0	224.4	3.7%	73.1%
<b>Total</b>	<b>191.7</b>	<b>193.0</b>	<b>215.4</b>	<b>270.4</b>	<b>12.1%</b>	<b>100.0%</b>	<b>302.3</b>	<b>292.4</b>	<b>314.7</b>	<b>5.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(2.0)			13.9	8.5	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>54.0</b>	<b>38.7</b>	<b>52.0</b>	<b>67.7</b>	<b>7.8%</b>	<b>24.4%</b>	<b>74.3</b>	<b>79.7</b>	<b>88.7</b>	<b>9.4%</b>	<b>26.3%</b>
Compensation of employees	21.7	24.1	27.9	39.3	22.0%	13.0%	43.3	52.8	59.6	14.9%	16.5%
Goods and services	32.4	14.6	24.2	28.4	-4.3%	11.4%	31.1	26.9	29.0	0.8%	9.8%
of which:											
Computer services	2.0	2.1	2.6	3.1	16.4%	1.1%	3.2	3.1	3.8	7.5%	1.1%
Consultants and professional services: Business and advisory services	3.9	0.2	0.2	4.9	7.6%	1.1%	3.9	1.5	3.5	-10.1%	1.2%
Operating leases	3.7	0.0	3.7	2.4	-14.2%	1.1%	4.5	4.9	5.3	30.4%	1.4%
Travel and subsistence	6.9	6.5	7.5	7.7	3.6%	3.3%	10.1	7.9	7.7	0.1%	2.8%
<b>Transfers and subsidies</b>	<b>135.1</b>	<b>151.9</b>	<b>162.9</b>	<b>202.1</b>	<b>14.4%</b>	<b>74.9%</b>	<b>226.9</b>	<b>211.9</b>	<b>225.3</b>	<b>3.7%</b>	<b>73.4%</b>
Departmental agencies and accounts	134.6	151.1	162.1	201.1	14.3%	74.5%	226.0	211.0	224.4	3.7%	73.1%
Foreign governments and international organisations	0.5	0.7	0.8	0.9	23.9%	0.3%	0.8	0.8	0.8	-2.4%	0.3%
Households	0.0	0.2	0.0	0.0	-41.5%	-	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>2.6</b>	<b>2.4</b>	<b>0.4</b>	<b>0.6</b>	<b>-38.1%</b>	<b>0.7%</b>	<b>1.1</b>	<b>0.9</b>	<b>0.8</b>	<b>9.0%</b>	<b>0.3%</b>
Machinery and equipment	2.6	2.4	0.4	0.6	-38.1%	0.7%	0.8	0.5	0.4	-15.8%	0.2%
Software and other intangible assets	-	-	-	-	-	-	0.4	0.4	0.4	-	0.1%
<b>Total</b>	<b>191.7</b>	<b>193.0</b>	<b>215.4</b>	<b>270.4</b>	<b>12.1%</b>	<b>100.0%</b>	<b>302.3</b>	<b>292.4</b>	<b>314.7</b>	<b>5.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>30.5%</b>	<b>29.9%</b>	<b>30.6%</b>	<b>32.6%</b>			<b>34.5%</b>	<b>33.4%</b>	<b>33.9%</b>		

**Table 12.15 Governance and International Relations**

Details of selected transfers and subsidies				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome			2013/14				2014/15	2015/16	2016/17		
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
Current	134.6	151.1	162.1	201.1	14.3%	74.5%	226.0	211.0	224.4	3.7%	73.1%
Public Service Commission	134.6	151.1	162.1	201.1	14.3%	74.5%	226.0	211.0	224.4	3.7%	73.1%

## Personnel information

**Table 12.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
Governance and International Relations		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost
Salary level	64	10	64	27.9	0.4	73	39.3	0.5	74	43.3	0.6	86	52.8	0.6	89	59.6	0.7	6.8%	100.0%
1 – 6	10	1	10	2.0	0.2	14	2.5	0.2	14	2.6	0.2	15	2.9	0.2	15	3.1	0.2	2.3%	18.0%
7 – 10	19	6	18	4.1	0.2	18	5.7	0.3	19	5.7	0.3	23	7.7	0.3	23	10.7	0.5	8.5%	25.8%
11 – 12	15	1	16	5.7	0.4	19	8.9	0.5	17	9.6	0.6	19	8.4	0.4	19	12.5	0.7	–	23.0%
13 – 16	20	2	20	16.1	0.8	22	22.1	1.0	24	25.4	1.1	29	33.7	1.2	32	33.3	1.0	13.3%	33.2%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on strengthening the Public Service Commission's capacity to monitor and evaluate government departments' compliance with the nine constitutional values. The department will achieve this objective by facilitating the transfer payment to the commission. The commission receives Cabinet approved additional funds of R26.2 million over the medium term. This is reflected in the transfer to departmental agencies.

The department also aims to establish the office of standards and compliance in the *Monitoring and Evaluation* subprogramme over the medium term. The office will provide technical assistance, advisory services and strategic interventions in the public service to ensure that national and provincial departments comply with the regulatory frameworks and norms and standards determined by the minister. The establishment of this entity is expected to result in an increase in the number of funded posts in this programme from 64 to 89 over the medium term. As a result, expenditure on compensation of employees is expected to increase at an average annual rate of 14.9 per cent over the same period.

To give effect to Cabinet approved budget reductions of R1.7 million over the medium term, the department is to reduce spending mainly on non essential goods and services, such as catering, administrative fees, and travel and subsistence.

## Other departments within the vote

### Public Service Commission

**Table 12.17 Budget summary**

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	107.4	106.3	0.1	1.0	95.1	101.8
Leadership and Management Practices	37.1	37.0	–	0.0	36.9	39.0
Monitoring and Evaluation	35.4	35.3	–	0.0	35.1	37.1
Integrity and Anti-Corruption	46.2	46.2	–	0.0	44.0	46.6
<b>Total expenditure estimates</b>	<b>226.0</b>	<b>224.9</b>	<b>0.1</b>	<b>1.1</b>	<b>211.0</b>	<b>224.4</b>

Accounting officer Director General

Website address [www.psc.gov.za](http://www.psc.gov.za)

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

### Aim

*Promote constitutional values and principles of public administration in the public service.*

### Mandate

The Public Service Commission derives its mandate from section 196 of the Constitution and is tasked and empowered to, either of its own accord or if it receives any complaint, investigate, monitor and evaluate the organisation and administration of the public service. The mandate also entails the evaluation of the performance of government programmes. The commission is also required to promote measures throughout the public service and to Parliament and the provincial legislatures that ensure effective and efficient performance within the public service, and to promote the values and principles of public administration as set out in the Constitution.

### Strategic goals

The commission's strategic goals over the medium term are to:

- enhance accountability and ethics in public administration
- improve service delivery by government and ensure that standards of equity, effectiveness, efficiency and economy are met
- contribute to a successful developmental public administration.

### Selected performance indicators

**Table 12.18 Public Service Commission**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage of grievances received, investigated and concluded per year	Leadership and Management Practices	Outcome 12: An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship	62% (572)	84% (673)	52% (377)	100%	100%	100%	100%
Number of reports on the management of grievances in the public service per year	Leadership and Management Practices		3	1	1	1	1	1	1
Percentage of performance documents received from heads of departments and evaluated per year	Leadership and Management Practices		20% (29)	97% (142)	51% (74)	80%	85%	88%	90%
Percentage of performance agreements received from heads of departments, quality assured and filled per year	Leadership and Management Practices		70% (102)	89% (130)	85% (124)	100%	100%	100%	100%
Number of reports on strategic human resource matters per year	Leadership and Management Practices		2	2	1	2	2	2	2
Number of reports on monitoring and evaluation per year	Monitoring and Evaluation		26	22	16	18	13	13	13
Number of reports on service delivery per year	Monitoring and Evaluation		12	10	14	4	4	4	4

**Table 12.18 Public Service Commission**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of public administration investigations successfully concluded per year: <sup>1</sup> - Full-scale: - Desktop finalised: - Desktop closed:	Integrity and Anti-Corruption	Outcome 12: An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship	4	6	10	20	40	45	50
			61	28	23	25	45	50	55
			409	222	182	150	160	170	180
			1 117	1 582	1 963	2 600	2 800	2 700	2 800
Number of cases reported on the national anti-corruption hotline referred to relevant departments and investigated per year	Integrity and Anti-Corruption								
Percentage of financial disclosure forms received and scrutinised	Integrity and Anti-Corruption		88% (7 587)	62% (5 786)	100% (8 342)	100%	100%	100%	100%
Number of ethics and anti-corruption research reports per year	Integrity and Anti-Corruption		1	8	7	9	4	4	4

1. The number of public administration investigations has been split to show full scale and desktop investigations conducted. Full scale investigations involve field research on information collected when departments are visited, whereas desktop investigations are based on information provided by the department.

## Objectives

- Enhance the ability of departments to investigate grievances of employees in the public service through the monitoring of the resolution of grievances by investigating and finalising all grievances lodged with the Public Service Commission each year.
- Monitor and evaluate compliance with the principles governing public administration by evaluating the management practices and service delivery performance and undertaking at least 1 programme evaluation per year.
- Investigate and improve public administration practices by concluding 20 audits and investigations into public administration practices per year by 2015/16, and making recommendations to departments on how to promote good governance on an ongoing basis.
- Monitor and raise awareness of potential conflicts of interest among managers by managing the financial disclosure framework through official correspondence and annual reporting on non-complying managers to increase compliance to 100 per cent by 2015/16.
- Contribute to the fight against corruption through ongoing management of the national anti-corruption hotline for the public service.

## Programmes

- *Administration* manages the office of the commission and provides centralised support services. In 2013/14, key activities included the virtualisation of the server and the upgrading of the email system to ensure active synchronisation and easy access for all Public Service Commission employees. This programme had a staff complement of 114 in 2013/14.
- *Leadership and Management Practices* promotes sound public service leadership, human resource management, labour relations and labour practices. This programme is divided into the *Labour Relations Improvement* and *Leadership and Human Resource Reviews* subprogrammes. In 2012/13, the commission concluded 104 cases and closed 138 of the 619 grievance cases lodged. This programme had a staff complement of 58 in 2013/14.
- *Monitoring and Evaluation* enables the department to establish a high standard of service delivery, monitoring and good governance in the public service. This programme comprises 2 subprogrammes: *Governance Monitoring*, which promotes good governance and improves governance practices in the public service; and *Service Delivery and Compliance Evaluations*, which strives to promote improved service delivery through public participation and the monitoring of quality audits. In 2013/14, public service barometer reports, which provide a coherent and sustained analysis of the state of compliance with constitutional values and principles, were produced. In addition, deeper assessments of 15 departments against these values and principles were approved. This programme had a staff complement of 58 in 2013/14.
- *Integrity and Anti-Corruption* undertakes public administration investigations, analyses and refers cases of alleged corruption to the respective departments for investigation, and scrutinises the financial disclosure

forms of senior managers to ensure integrity-driven public service and administration. The programme comprises 2 subprogrammes: *Public Administration Investigations* and *Professional Ethics*. The compliance rate with regard to the submission of the disclosure forms for 2012/2013 was 84 per cent, or 7 930 submissions, by the end of May 2013, while 5 095 cases of alleged corruption reported to the national anti-corruption hotline were closed in 2013/14. This programme had a staff complement of 70 in 2013/14.

## Expenditure estimates

**Table 12.19 Public Service Commission**

Programme	Audited outcome			Adjusted appropriation 2013/14	Revised estimate 2013/14	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13			2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17			2013/14 - 2016/17
R million													
Administration	70.9	76.1	85.2	97.0	97.0	11.0%	51.3%	107.4	95.1	101.8	1.6%	46.5%	
Leadership and Management Practices	20.2	23.0	24.8	32.1	32.1	16.7%	15.6%	37.1	36.9	39.0	6.7%	16.8%	
Monitoring and Evaluation	20.6	20.8	22.2	31.1	31.1	14.8%	14.8%	35.4	35.1	37.1	6.0%	16.1%	
Integrity and Anti-Corruption	22.4	24.6	29.9	40.9	40.9	22.3%	18.3%	46.2	44.0	46.6	4.5%	20.6%	
<b>Total</b>	<b>134.0</b>	<b>144.4</b>	<b>162.1</b>	<b>201.1</b>	<b>201.1</b>	<b>14.5%</b>	<b>100.0%</b>	<b>226.0</b>	<b>211.0</b>	<b>224.4</b>	<b>3.7%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				-	-			13.6	6.1	6.5			

### Economic classification

	2010/11	2011/12	2012/13	2013/14	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
<b>Current payments</b>	<b>130.5</b>	<b>139.5</b>	<b>159.1</b>	<b>198.9</b>	<b>198.9</b>	<b>15.1%</b>	<b>97.9%</b>	<b>224.9</b>	<b>210.6</b>	<b>223.9</b>	<b>4.0%</b>	<b>99.5%</b>
Compensation of employees	92.3	97.3	111.9	142.9	142.9	15.7%	69.3%	171.6	180.9	190.4	10.0%	79.5%
Goods and services	38.2	42.2	47.2	55.9	55.9	13.6%	28.6%	53.2	29.7	33.5	-15.7%	20.0%
of which:												
Assets less than the capitalisation threshold	0.4	0.5	0.7	3.0	3.0	101.3%	0.7%	7.0	2.7	3.1	0.9%	1.8%
Consultants and professional services: Business and advisory services	4.2	4.3	4.6	7.2	7.2	20.0%	3.2%	4.5	1.7	1.9	-35.5%	1.8%
Operating leases	18.5	21.9	20.3	21.6	21.6	5.3%	12.8%	26.4	26.5	30.0	11.5%	12.1%
Travel and subsistence	4.7	7.2	10.7	10.6	10.6	30.9%	5.2%	8.2	3.4	3.9	-28.6%	3.0%
<b>Transfers and subsidies</b>	<b>0.7</b>	<b>0.3</b>	<b>1.4</b>	<b>0.8</b>	<b>0.8</b>	<b>3.4%</b>	<b>0.5%</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>-66.6%</b>	<b>0.1%</b>
Foreign governments and international organisations	0.0	0.0	0.0	0.1	0.1	6.8%	0.0%	0.1	0.0	0.0	-17.6%	0.0%
Households	0.6	0.3	1.4	0.7	0.7	3.1%	0.5%	-	-	-	-100.0%	0.1%
<b>Payments for capital assets</b>	<b>2.8</b>	<b>4.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>-18.0%</b>	<b>1.6%</b>	<b>1.1</b>	<b>0.4</b>	<b>0.5</b>	<b>-33.0%</b>	<b>0.4%</b>
Machinery and equipment	2.4	3.3	1.5	1.5	1.5	-14.4%	1.4%	1.1	0.4	0.4	-33.5%	0.4%
Software and other intangible assets	0.3	1.1	-	-	-	-100.0%	0.2%	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>134.0</b>	<b>144.4</b>	<b>162.1</b>	<b>201.1</b>	<b>201.1</b>	<b>14.5%</b>	<b>100.0%</b>	<b>226.0</b>	<b>211.0</b>	<b>224.4</b>	<b>3.7%</b>	<b>100.0%</b>

## Personnel information

**Table 12.20 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Public Service Commission	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
			2012/13			2013/14			2014/15		2015/16		2016/17							
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost						
	311	12	255	111.9	0.4	247	142.9	0.6	317	171.6	0.5	317	180.9	0.6	317	190.4	0.6	8.7%	100.0%	
Salary level																				
1 - 6	69	-	70	11.5	0.2	62	12.5	0.2	69	14.4	0.2	69	15.2	0.2	69	16.0	0.2	3.6%	22.5%	
7 - 10	97	-	82	24.2	0.3	84	34.1	0.4	99	39.3	0.4	99	41.7	0.4	99	43.9	0.4	5.6%	31.8%	
11 - 12	83	11	56	26.9	0.5	48	36.7	0.8	87	54.0	0.6	87	56.8	0.7	87	59.8	0.7	21.9%	25.8%	
13 - 16	62	1	47	49.3	1.0	53	59.7	1.1	62	63.9	1.0	62	67.2	1.1	62	70.7	1.1	5.4%	19.9%	

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on conducting anti-corruption work, strengthening investigative capacity, and promoting the judicious management of resources. To achieve these objectives, the commission will continue to monitor and evaluate government departments' compliance with the nine constitutional values in order to maintain and improve the standard of professional ethics in the public

service and the efficient use of public service resources by public servants. The department also expects the number of cases reported on the national anti-corruption hotline referred to respective departments and investigated per year to increase from 1 963 in 2012/13 to 2 800 in 2016/17. These activities are supported by the budget allocated to the *Integrity and Anti-Corruption* programme, particularly on compensation of employees.

Cabinet approved additional funding of R13.6 million in 2014/15, R6.1 million in 2015/16 and R6.5 million in 2016/17, to mitigate capacity constraints in the commission, particularly in the monitoring and evaluation and internal administrative functions. Consequently, personnel numbers are expected to increase from 255 in 2012/13 to 317 in 2016/17 and expenditure on compensation of employees is projected to increase accordingly.

## National School of Government

Table 12.21 Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	82.9	80.6	–	2.4	85.5	91.0
Public Sector Organisational and Staff Development	55.6	–	55.6	–	58.2	60.8
<b>Total expenditure estimates</b>	<b>138.5</b>	<b>80.6</b>	<b>55.6</b>	<b>2.4</b>	<b>143.7</b>	<b>151.9</b>
Executive authority	Minister of Public Service and Administration					
Accounting officer	Director General of the National School of Government					
Website address	www.palama.gov.za					

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

Provide or coordinate the provision of training and management development interventions that lead to improved performance and service delivery in the public sector.

### Mandate

The National School of Government derives its mandate from the Public Service Amendment Act (2007). In terms of the act, the school is required to ensure that public servants are capacitated in the leadership, management and administrative competencies that are central to creating a developmental state. The operational activities of the school are located within the National School of Government training trading account, a separate public entity. The National School of Government was proclaimed under a presidential proclamation in 2013 to replace PALAMA.

The school's strategic goals over the medium term are to:

- rapidly respond to changes in the public sector capacity development arena through proactive monitoring and research
- progressively increase and expand the academy's client base by 10 per cent annually within the three spheres of government and other organs of state
- determine appropriate funding mechanisms to support the academy's training and operations and to ensure the correct level of funding and utilisation of the funds in line with delivery targets
- enhance the marketing and visibility of the academy's products and services within the three spheres of government and other organs of state
- deliver training to officials within the three spheres of government and other organs of state through structured collaborative partnerships and within a coherent cooperative governance framework
- develop common norms and standards for public sector training and development within the confines of a coherent policy framework

- develop the academy into a high performance organisation by improving organisational and administrative efficiencies.

### Selected performance indicators

The National School of Government's selected performance indicators are discussed under the National School of Government training trading account.

### Objectives

- Improve the capacity of the state to deliver services by raising the skills levels of civil servants through the competency based training of 38 000 civil servants per year over the medium term.
- Improve the quality of training by accrediting 6 courses per year on a rolling schedule over the medium term.

### Programmes

- *Administration* facilitates the overall management of the school and provides support services for its organisational functions. In 2013/14, administrative support was provided to enable the achievement of objectives such as providing sound financial management, human resources management and communication services. Over the medium term, the focus will continue to be on these outputs. This programme had a staff complement of 89 in 2013/14.
- *Public Sector Organisational and Staff Development* facilitates transfer payments to the training trading account for management development and training public sector employees. This programme's total budget is transferred in full to the training trading account.

### Expenditure estimates

Table 12.22 National School of Government

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million						2010/11 - 2013/14					2013/14 - 2016/17	
Administration	54.3	62.5	68.6	77.3	77.3	12.4%	54.8%	82.9	85.5	91.0	5.6%	59.5%
Public Sector Organisational and Staff Development	61.1	49.0	52.1	54.7	54.7	-3.7%	45.2%	55.6	58.2	60.8	3.6%	40.5%
<b>Total</b>	<b>115.5</b>	<b>111.6</b>	<b>120.7</b>	<b>131.9</b>	<b>131.9</b>	<b>4.5%</b>	<b>100.0%</b>	<b>138.5</b>	<b>143.7</b>	<b>151.9</b>	<b>4.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-	-			-	-	-		
<b>Economic Classification</b>												
<b>Current payments</b>	<b>52.2</b>	<b>61.2</b>	<b>66.8</b>	<b>75.0</b>	<b>75.0</b>	<b>12.9%</b>	<b>53.2%</b>	<b>80.6</b>	<b>83.0</b>	<b>88.4</b>	<b>5.6%</b>	<b>57.8%</b>
Compensation of employees	21.1	28.9	31.4	41.1	41.1	24.9%	25.6%	45.7	47.8	50.0	6.7%	32.6%
Goods and services	31.0	32.3	35.3	33.9	33.9	3.0%	27.6%	34.9	35.2	38.4	4.3%	25.2%
of which:												
Audit cost: External	1.2	2.6	4.1	3.4	3.4	41.5%	2.4%	3.3	3.8	4.0	5.0%	2.6%
Agency and support / outsourced services	13.4	12.9	11.2	9.3	9.3	-11.3%	9.8%	10.2	10.4	12.1	9.0%	7.4%
Operating leases	0.7	3.2	4.0	4.7	4.7	91.7%	2.6%	4.9	4.6	4.9	1.6%	3.4%
Travel and subsistence	2.3	2.8	2.5	2.7	2.7	5.2%	2.2%	2.9	3.0	3.2	4.9%	2.1%
<b>Transfers and subsidies</b>	<b>61.2</b>	<b>49.0</b>	<b>52.1</b>	<b>54.7</b>	<b>54.7</b>	<b>-3.7%</b>	<b>45.2%</b>	<b>55.6</b>	<b>58.2</b>	<b>60.8</b>	<b>3.6%</b>	<b>40.5%</b>
Departmental agencies and accounts	61.1	49.0	52.1	54.7	54.7	-3.7%	45.2%	55.6	58.2	60.8	3.6%	40.5%
<b>Payments for capital assets</b>	<b>2.1</b>	<b>1.3</b>	<b>1.8</b>	<b>2.2</b>	<b>2.2</b>	<b>1.9%</b>	<b>1.6%</b>	<b>2.4</b>	<b>2.5</b>	<b>2.6</b>	<b>5.0%</b>	<b>1.7%</b>
Machinery and equipment	1.9	1.3	1.8	2.2	2.2	6.3%	1.5%	2.4	2.5	2.6	5.0%	1.7%
Software and other intangible assets	0.3	-	0.0	-	-	-100.0%	0.1%	-	-	-	-	-
<b>Total</b>	<b>115.5</b>	<b>111.6</b>	<b>120.7</b>	<b>131.9</b>	<b>131.9</b>	<b>4.5%</b>	<b>100.0%</b>	<b>138.5</b>	<b>143.7</b>	<b>151.9</b>	<b>4.8%</b>	<b>100.0%</b>

## Personnel information

**Table 12.23 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number				
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)			
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17		
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
National School of Government		89	89	89	31.4	0.4	89	41.1	0.5	89	45.7	0.5	89	47.8	0.5	89	50.0	0.6	-	100.0%	
Salary Level																					
1 – 6	26	26	26	2.4	0.1	26	2.7	0.1	26	3.6	0.1	26	3.7	0.1	26	4.2	0.2	-	29.2%		
7 – 10	30	30	30	8.1	0.3	30	10.9	0.4	30	12.3	0.4	30	13.4	0.4	30	13.8	0.5	-	33.7%		
11 – 12	15	15	15	10.4	0.7	15	12.0	0.8	15	13.1	0.9	15	13.4	0.9	15	14.3	1.0	-	16.9%		
13 – 16	18	18	18	10.6	0.6	18	15.5	0.9	18	16.7	0.9	18	17.3	1.0	18	17.7	1.0	-	20.2%		

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on continuing to transform the National School of Government, which was launched and renamed in October 2013, into a new organisation geared to meet the objectives of the public service as set out in the national development plan and the ministerial service delivery agreement. The school aims to provide education, training and development programmes in the public service to improve the performance of public servants and service delivery. The school's new business philosophy and practices are expected to increase the coverage of government's education, training and development programmes from a current 2 per cent to the entire public service over the medium term. This ambitious goal will require the school management to plan for and recruit appropriate personnel and other resources for developing, implementing, and managing the school's training programmes and objectives.

The activities required to transform the school are provided for in the budget allocated to the *Administration* programme, which is expected to grow at an average annual rate of 5.6 per cent over the medium term, with personnel numbers expected to remain at 89 over the same period. The school's management faces a critical challenge in planning and managing the change agenda of the school within the available resource capacity over the medium term.

## Public entities and other agencies

### State Information Technology Agency

#### Mandate and goals

The State Information Technology Agency is governed by the State Information Technology Agency Act (1998). The act separates the agency's services into mandatory services and non-mandatory services. The mandatory services include the provision and maintenance of transversal information systems, and data processing or associated services for transversal systems. The act mandates the agency to consolidate and coordinate the South African government's IT resources to achieve cost savings through economies of scale, increased delivery capabilities and enhanced interoperability of systems. The agency is committed to leveraging IT as a strategic resource for government, managing the IT procurement and delivery process to ensure that government receives value for money and using IT support delivery of e-government services to all citizens.

The agency's strategic goals over the medium term are to:

- significantly improve service delivery to its clients
- prioritise citizen focused projects
- attain best practice in people management and leadership
- overhaul internal and external communications to improve transparency, visibility and image
- build an appropriate organisational structure and team to achieve its strategic objectives

- maintain financial sustainability.

## Selected performance indicators

**Table 12.24 State Information Technology Agency**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue growth	Business operations	Outcome 6: An efficient, competitive and responsive economic infrastructure network	8.8%	10.0%	9.4%	15.0%	8.0%	10.0%	10.0%
Net surplus percentage	Business operations	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair, and inclusive citizenship	4%	7.8%	0.8%	2.6%	3.9%	3.9%	3.9%
Liquidity ratio	Business operations	Outcome 6: An efficient, competitive and responsive economic infrastructure network	1.5:1	2.52:1	4.12:1	0.87:1	1.2:1	1.2:1	1.2:1
Value of debtors balances per year	Administration		R770m	R1 258m	R671m	R618m	R874m	R1 008m	R1 098m

## Programmes/activities/objectives

**Table 12.25 State Information Technology Agency**

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	749.5	1 041.9	816.2	992.1	9.8%	19.7%	919.8	1 007.6	1 104.1	3.6%	18.1%
Business operations	3 527.3	3 483.8	3 255.9	4 508.0	8.5%	80.3%	4 145.8	4 560.6	5 016.6	3.6%	81.9%
<b>Total expense</b>	<b>4 276.8</b>	<b>4 525.7</b>	<b>4 072.2</b>	<b>5 500.1</b>	<b>8.7%</b>	<b>100.0%</b>	<b>5 065.6</b>	<b>5 568.2</b>	<b>6 120.7</b>	<b>3.6%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 12.26 State Information Technology Agency**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>4 462.5</b>	<b>4 892.3</b>	<b>4 471.3</b>	<b>5 716.6</b>	8.6%	100.0%	<b>5 267.8</b>	<b>5 789.8</b>	<b>6 363.9</b>	3.6%	100.0%
Sale of goods and services other than capital assets	4 302.4	4 729.1	4 283.0	5 635.0	9.4%	96.9%	5 182.5	5 700.7	6 270.8	3.6%	98.5%
<i>of which:</i>											
<i>Sales by market establishment</i>	4 302.4	4 729.1	4 283.0	5 635.0	9.4%	96.9%	5 182.5	5 700.7	6 270.8	3.6%	98.5%
Other non-tax revenue	160.1	163.2	188.3	81.6	-20.1%	3.1%	85.3	89.1	93.1	4.5%	1.5%
<b>Total revenue</b>	<b>4 462.5</b>	<b>4 892.3</b>	<b>4 471.3</b>	<b>5 716.6</b>	<b>8.6%</b>	<b>100.0%</b>	<b>5 267.8</b>	<b>5 789.8</b>	<b>6 363.9</b>	<b>3.6%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>4 199.0</b>	<b>4 378.0</b>	<b>3 892.7</b>	<b>5 415.9</b>	8.9%	97.2%	<b>4 987.1</b>	<b>5 483.1</b>	<b>6 028.4</b>	3.6%	98.5%
Compensation of employees	1 695.5	1 710.1	1 413.7	1 595.4	-2.0%	35.3%	1 463.1	1 600.9	1 751.7	3.2%	28.8%
Goods and services	2 329.5	2 540.0	2 365.1	3 531.0	14.9%	58.2%	3 262.5	3 589.9	3 961.0	3.9%	64.4%
Depreciation	135.5	93.7	80.5	289.6	28.8%	3.1%	261.5	292.4	315.7	2.9%	5.2%
Interest, dividends and rent on land	38.5	34.2	33.4	-	-100.0%	0.6%	-	-	-	-	-
<b>Total expenses</b>	<b>4 276.8</b>	<b>4 525.7</b>	<b>4 072.2</b>	<b>5 500.1</b>	<b>8.7%</b>	<b>100.0%</b>	<b>5 065.6</b>	<b>5 568.2</b>	<b>6 120.7</b>	<b>3.6%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>186.0</b>	<b>367.0</b>	<b>399.0</b>	<b>216.0</b>	<b>5.1%</b>		<b>202.0</b>	<b>222.0</b>	<b>243.0</b>	<b>4.0%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	408.6	391.4	605.5	2 198.2	75.2%	26.5%	2 954.0	3 320.2	2 025.6	-2.7%	63.5%
<i>of which:</i>											
<i>Acquisition of assets</i>	28.2	46.8	216.1	1 793.0	299.0%	14.9%	1 538.0	1 151.0	600.0	-30.6%	32.0%
Inventory	58.4	14.8	-	-	-100.0%	0.6%	-	-	-	-	-
Receivables and prepayments	890.2	1 273.1	1 109.0	851.5	-1.5%	31.3%	873.8	1 008.4	1 098.2	8.9%	23.1%
Cash and cash equivalents	1 561.7	1 549.0	1 508.9	428.4	-35.0%	39.0%	165.6	70.3	1 409.2	48.7%	12.1%
Taxation	99.4	112.6	83.9	50.0	-20.5%	2.7%	50.0	50.0	50.0	-	1.2%
<b>Total assets</b>	<b>3 018.3</b>	<b>3 341.0</b>	<b>3 307.3</b>	<b>3 528.0</b>	<b>5.3%</b>	<b>100.0%</b>	<b>4 043.5</b>	<b>4 448.8</b>	<b>4 583.0</b>	<b>9.1%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	1 068.6	1 457.0	1 913.9	1 786.3	18.7%	46.9%	2 030.9	2 307.7	2 608.7	13.5%	52.4%
Capital and reserves	627.3	627.3	627.3	627.3	-	19.1%	627.3	627.3	627.3	-	15.3%
Borrowings	5.2	-	-	-	-100.0%	0.0%	-	-	-	-	-
Trade and other payables	1 175.1	996.2	641.1	876.0	-9.3%	28.2%	1 045.3	1 238.7	1 055.5	6.4%	25.4%
Taxation	-	58.1	-	84.2	-	1.0%	179.3	107.6	117.0	11.6%	2.9%
Provisions	142.1	202.3	125.0	154.2	2.7%	4.7%	160.6	167.4	174.5	4.2%	4.0%
<b>Total equity and liabilities</b>	<b>3 018.3</b>	<b>3 341.0</b>	<b>3 307.3</b>	<b>3 528.0</b>	<b>5.3%</b>	<b>100.0%</b>	<b>4 043.5</b>	<b>4 448.8</b>	<b>4 583.0</b>	<b>9.1%</b>	<b>100.0%</b>

## Personnel information

**Table 27.27 State Information Technology Agency**

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
			2012/13		2013/14			2014/15			2015/16			2016/17			2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost			
	3 355	3 355	2 979	1 413.7	0.5	2 980	1 595.4	0.5	2 980	1 463.1	0.5	2 980	1 600.9	0.5	2 980	1 751.7	0.6	3.2%	100.0%
1 – 6	303	303	303	34.4	0.1	303	37.0	0.1	303	35.6	0.1	303	39.0	0.1	303	42.7	0.1	4.9%	10.2%
7 – 10	1 928	1 928	1 627	732.0	0.4	1 628	827.4	0.5	1 628	757.5	0.5	1 628	828.9	0.5	1 628	906.9	0.6	3.1%	54.6%
11 – 12	873	873	798	437.7	0.5	798	494.5	0.6	798	453.0	0.6	798	495.7	0.6	798	542.4	0.7	3.1%	26.8%
13 – 16	250	250	250	206.3	0.8	250	232.8	0.9	250	213.5	0.9	250	233.6	0.9	250	255.6	1.0	3.2%	8.4%
17 – 22	1	1	1	3.3	3.3	1	3.7	3.7	1	3.4	3.4	1	3.7	3.7	1	4.1	4.1	3.1%	0.0%

1. Rand million.

## Expenditure trends

Following Cabinet approval of a turnaround framework in March 2010, the State Information Technology Agency was repositioned as the government's prime systems integrator mandated to provide an integrated and collaborative IT service. This resulted in the restructuring of the organisation, which included the retrenchment of senior officials and impacted on the agency's operations. Agency revenue in respect of the sale of goods and services is expected to decrease in 2014/15 as a result of these turnaround activities.

The spending focus over the medium term will be on finalising the implementation of the agency's turnaround strategy, which is aimed at overhauling financial structures, customer service, internal processes and skills retention issues to counter challenges that the agency has been experiencing. The strategy has resulted in an overall restructuring of the agency's senior management positions. As a result, the agency projects a decrease in its spending between 2013/14 and 2014/15, mainly due to a decrease in the collection of revenue. The agency is in the process of filling the 375 vacancies in its funded establishment and expects to have a full staff complement by the end of 2013/14, with most of the new employees appointed in a lower salary band than their predecessors. A gradual growth in revenue is expected from 2015/16 onwards as all vacant posts will have been filled and the new appointments would have gained the required experience. The decrease in revenue collection will have an impact on the agency's spending, which is also expected to decrease over the same period. Consultants are mainly used for the specialised service of grading of positions in line with industry best practice.

Overall expenditure is expected to increase from 2014/15 onwards, in line with revenue growth and the increase in the net surplus percentage. The agency plans to use its increased revenue to upgrade its ICT infrastructure to ensure sustained service delivery for its clients.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- **The National School of Government training trading account** functions within the National School of Government as a mechanism for the partial recovery of the costs of training programmes. The branches of the trading account directly facilitate and monitor the provision of leadership development and management training at all 3 levels of government, in collaboration with provincial academies and local government training entities. The account's total budget for 2014/15 is R186.4 million.
- **The Public Service Sector Education and Training Authority** implements sector skills plans to develop appropriate skills in the public sector, develops and registers public sector learning programmes, acts as an education and training quality assurance body for the public sector, and distributes skills development levy funds. The entity's total budget for 2014/15 is R29.4 million.

# Vote 13

## Statistics South Africa

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	934.7	491.0	14.8	428.9	810.1	720.8
Economic Statistics	210.5	209.6	0.0	0.9	221.9	229.1
Population and Social Statistics	117.9	117.1	0.2	0.6	130.2	134.1
Methodology, Standards and Research	65.5	64.9	–	0.6	69.0	71.9
Statistical Support and Informatics	245.1	228.1	–	17.1	253.6	266.1
Statistical Collection and Outreach	524.5	513.5	0.1	11.0	550.1	572.4
Survey Operations	144.3	143.6	–	0.7	148.9	155.1
<b>Total expenditure estimates</b>	<b>2 242.5</b>	<b>1 767.7</b>	<b>15.1</b>	<b>459.7</b>	<b>2 183.9</b>	<b>2 149.6</b>

Executive authority Minister in the Presidency: National Planning Commission

Accounting officer Statistician General of Statistics South Africa

Website address [www.statssa.gov.za](http://www.statssa.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Provide a relevant and accurate body of statistics by applying internationally recognised practices to inform users on the dynamics in the economy and society.*

### Mandate

Statistics South Africa is a national government department accountable to the Minister in the Presidency: National Planning Commission. The activities of the department are regulated by the Statistics Act (1999), which mandates the department to advance the production, dissemination, use and coordination of official and other statistics to assist organs of state, businesses, other organisations and the public in planning, monitoring, and decision making. The act also requires that the department coordinate statistical production among organs of state in line with the purpose of official statistics and statistical principles.

### Strategic goals

The department's strategic goals over the medium term are to:

- expand the statistical information base by increasing its depth, breadth and geographical spread through the production of economic, social and population statistics
- enhance public confidence and trust by developing and enhancing qualitative and methodological standards, maintaining business and geographic frames, managing relationships with stakeholders, and conducting research
- improve productivity and service delivery by integrating fieldwork and data processing operations, providing management support, and implementing effective governance and administration
- lead the development and coordination of statistical production in the national statistics system by coordinating and providing statistical support for the production of official statistics
- invest in the learning and growth of the organisation by investing in human, information and organisational capital
- promote international cooperation and partnerships in statistics by participating and contributing to national, continental and international statistical activities and forums.

## Programme purposes

### Programme 1: Administration

**Purpose:** Manage the department, and provide centralised support services and capacity building. Coordinate statistical production among organs of state in line with the purpose of official statistics and statistical principles.

### Programme 2: Economic Statistics

**Purpose:** Produce economic statistics to meet user requirements in line with internationally recognised practices.

### Programme 3: Population and Social Statistics

**Purpose:** Produce population, demographic, labour market and social statistics to meet user requirements in line with internationally recognised practices.

### Programme 4: Methodology, Standards and Research

**Purpose:** Provide expertise on quality and methodology for official statistics, standards for conducting surveys, and business sampling frames. Conduct policy research and analysis on emerging policy matters.

### Programme 5: Statistical Support and Informatics

**Purpose:** Using technology in the production and use of official statistics to enable service delivery programmes. Promote and provide better access to official statistics.

### Programme 6: Statistical Collection and Outreach

**Purpose:** Provide statistical information to support policy makers. Manage stakeholders and provide effective communication services. Promote statistical development and cooperation in South Africa, Africa and the world.

### Programme 7: Survey Operations

**Purpose:** Provide data collection and processing support to produce official statistics. Conduct independent household survey monitoring and evaluation activities.

## Selected performance indicators

Table 13.1 Statistics South Africa

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of quarterly and annual GDP estimates releases per year	Economic Statistics	Outcome 4: Decent employment through inclusive economic growth	5	5	5	4 <sup>1</sup>	4	4	4
Number of releases on industry and trade statistics per year	Economic Statistics		142	142	142	150	150	150	150
Number of releases on employment and earnings per year	Economic Statistics		4	4	4	4	4	4	4
Number of releases on financial statistics per year	Economic Statistics		17	17	17	17	17	17	17
Number of consumer price index releases per year	Economic Statistics		12	12	12	12	12	12	12
Number of producer price index releases per year	Economic Statistics		12	12	12	12	12	12	12
Number of releases on labour market dynamics per year	Population and Social Statistics	Outcome 2: A long and healthy life for all South Africans	4	4	4	4	4	4	4
Number of releases on living circumstances, service delivery and poverty	Population and Social Statistics		-2	-2	-2	-2	7	4	4

**Table 13.1 Statistics South Africa**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of releases on the changing profile of the population per year	Population and Social Statistics	Outcome 2: A long and healthy life for all South Africans	18	17	17	17	17	17	17
Number of municipalities demarcated per year <sup>2</sup>	Statistical Support and Informatics	Outcome 8: Sustainable human settlements and improved quality of household life	164	- <sup>3</sup>	- <sup>3</sup>	- <sup>3</sup>	234	8	30

1. The annual release is now incorporated into the third quarterly release.

2. This is a new indicator, which will take effect in 2014/15.

3. No enumerator areas were demarcated between 2011/12 and 2013/14.

## The national development plan

The national development plan highlights the need for South Africa to build a state that is capable of playing a developmental and transformative role. This requires the state to have the capacity to formulate and implement policies that serve the national interests, focus on overcoming the root causes of poverty and inequality, and build the state's capacity to fulfil its developmental role.

Statistics South Africa contributes to building a capable and developmental state by leading and partnering with other government departments in statistical production systems to provide accurate and quality statistical information on economic, demographic, social and environmental developments to enable the state, business and the public to make informed decisions. Statistical information therefore provides decision makers with the evidential knowledge to inform planning, monitoring and evaluation, and policy development by measuring development outcomes, thereby contributing to the building of a capable and developmental state.

Over the medium term, the department will strive to improve the quality of its work by implementing international statistical standards, building statistical capability and capacity, investing in the streamlining of statistical operations and strengthening its partnerships with other government departments with regard to statistical production systems.

## Expenditure estimates

**Table 13.2 Statistics South Africa**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million						2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	356.6	411.6	461.4	530.8	548.6	15.4%	20.0%	934.7	810.1	720.8	9.5%	36.2%
Economic Statistics	155.2	167.6	182.2	196.7	194.4	7.8%	7.9%	210.5	221.9	229.1	5.6%	10.3%
Population and Social Statistics	126.5	94.3	102.3	109.6	99.2	-7.8%	4.8%	117.9	130.2	134.1	10.6%	5.8%
Methodology, Standards and Research	38.3	46.1	48.5	62.9	58.5	15.2%	2.2%	65.5	69.0	71.9	7.2%	3.2%
Statistical Support and Informatics	212.5	199.6	202.9	218.7	211.3	-0.2%	9.3%	245.1	253.6	266.1	8.0%	11.7%
Statistical Collection and Outreach	371.0	470.7	466.6	474.9	481.8	9.1%	20.2%	524.5	550.1	572.4	5.9%	25.6%
Survey Operations	434.8	2 284.5	297.9	148.0	147.9	-30.2%	35.7%	144.3	148.9	155.1	1.6%	7.2%
<b>Total</b>	<b>1 694.9</b>	<b>3 674.4</b>	<b>1 761.7</b>	<b>1 741.6</b>	<b>1 741.6</b>	<b>0.9%</b>	<b>100.0%</b>	<b>2 242.5</b>	<b>2 183.9</b>	<b>2 149.6</b>	<b>7.3%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				3.9	3.9			278.4	131.1	(29.0)		

### Economic classification

Current payments	1 625.0	3 526.6	1 671.1	1 692.0	1 701.6	1.5%	96.1%	1 767.7	1 853.5	1 943.5	4.5%	87.4%
Compensation of employees	976.3	1 232.8	1 074.9	1 103.3	1 087.3	3.7%	49.3%	1 231.7	1 301.0	1 369.5	8.0%	60.0%
Goods and services	648.0	2 293.8	596.2	588.7	614.4	-1.8%	46.8%	536.1	552.5	574.0	-2.2%	27.4%
of which:												
Communication	31.3	53.1	41.7	32.8	38.9	7.5%	1.9%	38.4	40.4	42.6	3.1%	1.9%
Computer services	78.8	89.2	62.3	84.5	84.5	2.3%	3.5%	90.9	95.8	100.9	6.1%	4.5%
Operating leases	116.4	109.1	113.7	156.7	214.3	22.6%	6.2%	136.3	129.1	154.3	-10.4%	7.6%
Travel and subsistence	118.2	477.8	128.3	85.2	50.5	-24.7%	8.7%	85.0	89.6	70.0	11.5%	3.5%
Interest and rent on land	0.7	0.0	-	-	-	-100.0%	0.0%	-	-	-	-	-

Table 13.2 Statistics South Africa

R million	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
<b>Transfers and subsidies</b>	<b>10.2</b>	<b>19.1</b>	<b>21.6</b>	<b>17.7</b>	<b>17.7</b>	<b>20.2%</b>	<b>0.8%</b>	<b>15.1</b>	<b>14.8</b>	<b>15.6</b>	<b>-4.2%</b>	<b>0.8%</b>
Departmental agencies and accounts	-	-	0.0	0.1	0.1	-	0.0%	0.0	0.0	0.0	-54.6%	0.0%
Higher education institutions	-	1.0	8.0	8.8	8.8	-	0.2%	8.8	8.2	8.6	-0.9%	0.4%
Foreign governments and international organisations	-	-	0.7	-	-	-	0.0%	-	-	-	-	-
Non-profit institutions	0.3	0.0	0.1	0.2	0.2	-14.9%	0.0%	0.3	0.3	0.3	18.9%	0.0%
Households	9.9	18.1	12.8	8.6	8.6	-4.6%	0.6%	6.0	6.3	6.6	-8.2%	0.3%
<b>Payments for capital assets</b>	<b>56.5</b>	<b>94.0</b>	<b>36.6</b>	<b>32.0</b>	<b>22.4</b>	<b>-26.6%</b>	<b>2.4%</b>	<b>459.7</b>	<b>315.5</b>	<b>190.5</b>	<b>104.3%</b>	<b>11.9%</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	421.2	280.3	153.1	-	10.3%
Machinery and equipment	54.9	91.5	19.1	28.5	21.5	-26.8%	2.1%	33.9	35.2	37.3	20.2%	1.5%
Software and other intangible assets	1.7	2.5	17.6	3.5	0.8	-20.2%	0.3%	4.6	0.1	0.1	-50.2%	0.1%
<b>Payments for financial assets</b>	<b>3.1</b>	<b>34.7</b>	<b>32.3</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.8%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 694.9</b>	<b>3 674.4</b>	<b>1 761.7</b>	<b>1 741.6</b>	<b>1 741.6</b>	<b>0.9%</b>	<b>100.0%</b>	<b>2 242.5</b>	<b>2 183.9</b>	<b>2 149.6</b>	<b>7.3%</b>	<b>100.0%</b>

## Personnel information

Table 13.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Statistics South Africa</b>																			
Salary level	3 430	-	3 057	074.9	0.4	3 487	1 087.3	0.3	3 725	1 231.7	0.3	3 738	1 301.0	0.3	3 735	1 369.5	0.4	2.3%	100.0%
1 - 6	1 413	-	1 326	139.3	0.1	1 466	254.3	0.2	1 724	288.3	0.2	1 707	307.1	0.2	1 724	319.4	0.2	5.6%	45.1%
7 - 10	1 275	-	1 100	452.5	0.4	1 305	392.9	0.3	1 279	458.2	0.4	1 310	462.9	0.4	1 285	488.5	0.4	-0.5%	35.3%
11 - 12	481	-	411	213.3	0.5	474	251.4	0.5	480	283.5	0.6	490	314.7	0.6	482	331.6	0.7	0.6%	13.1%
13 - 16	261	-	220	269.9	1.2	242	188.7	0.8	242	201.7	0.8	231	216.2	0.9	244	230.0	0.9	0.3%	6.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on streamlining statistical operations to inform evidence based decision making and strengthening the department's statistical production partnerships with other government departments. The department expects to do this over the medium term by expanding the statistical information base and increasing the supply of official statistics, continuing to maintain the production of macroeconomic, social and population statistics. This includes publishing the GDP estimates, providing information on private sector business enterprise and government, and providing statistical information on primary, secondary, tertiary and transport sectors of the economy.

This focus is reflected in the significant proportion of the department's budget allocated to the Administration, Economic Statistics, Population and Social Statistics, Statistical Support and Informatics and Statistical Collection and Outreach programmes over the medium term. This is specifically reflected in spending on the goods and services that enable staff to do their work, and explains the significant amount allocated over the medium term to compensation of employees, office accommodation related costs, and computer services.

At the end of November 2013, the department had a staff establishment of 3 430 posts. The 348 vacancies were mainly due to the difficulties experienced in finding candidates with the appropriate specialised skills. Due to the labour intensive nature of survey activities, the staff establishment is projected to increase to 3 735 posts over the medium term, mainly in the *Statistical Collection and Outreach* programme.

The 12.1 per cent projected increase in spending in the *Administration* programme and on goods and services in 2014/15 relates to an additional Cabinet approved allocation of R139 million for the unitary fees for the

department's new building, which is to be built through a private public partnership. Additional Cabinet approved amounts of R282.2 million in 2014/15 and R134.9 million in 2015/16 are allocated as capital contribution fees for the new building project. The new building will be able to house the entire department's head office employees, who currently occupy three buildings.

Cabinet approved budget reductions of R3.7 million in 2014/15, R3.7 million in 2015/16 and R28.9 million in 2016/17 are to be effected mainly in spending on travel and subsistence, and are expected to impact on the technical support provided for social statistics surveys in the provincial and district offices. Thefts and losses investigations and fraud and corruption awareness campaigns in the provincial and district offices are also likely to be affected.

### Infrastructure spending

Spending on infrastructure increased from R7.3 million in 2012/13 to R7.5 million in 2013/14, and is expected to increase to R870.6 million over the medium term. The allocation earmarked for infrastructure will be used for the construction of the department's head office. Of the total, R437.4 million is earmarked for the private partnership unitary fee, while R417 million is earmarked for capital towards the project. R14.8 million was spent on advisory services for the project between 2012/13 and 2013/14. The department is currently awaiting National Treasury's approval of the public private partnership agreement.

## Departmental receipts

Table 13.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	<b>2 647</b>	<b>3 047</b>	<b>2 683</b>	<b>2 445</b>	<b>2 445</b>	<b>-2.6%</b>	<b>100.0%</b>	<b>2 581</b>	<b>2 934</b>	<b>2 992</b>	<b>7.0%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>1 280</b>	<b>1 287</b>	<b>1 384</b>	<b>1 080</b>	<b>1 080</b>	<b>-5.5%</b>	<b>46.5%</b>	<b>1 122</b>	<b>1 163</b>	<b>1 204</b>	<b>3.7%</b>	<b>41.7%</b>
Sales by market establishments	647	637	733	280	280	-24.4%	21.2%	300	320	340	6.7%	11.3%
of which:												
Parking	647	637	733	280	280	-24.4%	21.2%	300	320	340	6.7%	11.3%
Other sales	633	650	651	800	800	8.1%	25.3%	822	843	864	2.6%	30.4%
of which:												
Replacement of security cards	5	6	4	6	6	6.3%	0.2%	7	8	9	14.5%	0.3%
Maps	2	1	4	4	4	26.0%	0.1%	5	5	5	7.7%	0.2%
Commission insurance	302	382	328	460	460	15.1%	13.6%	470	480	490	2.1%	17.3%
Departmental publications	324	261	315	330	330	0.6%	11.4%	340	350	360	2.9%	12.6%
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>38</b>	<b>28</b>	<b>4</b>	<b>100</b>	<b>100</b>	<b>38.1%</b>	<b>1.6%</b>	<b>34</b>	<b>36</b>	<b>38</b>	<b>-27.6%</b>	<b>1.9%</b>
of which:												
Sale of waste paper	38	28	4	100	100	38.1%	1.6%	34	36	38	-27.6%	1.9%
<b>Interest, dividends and rent on land</b>	<b>61</b>	<b>221</b>	<b>128</b>	<b>70</b>	<b>70</b>	<b>4.7%</b>	<b>4.4%</b>	<b>75</b>	<b>80</b>	<b>95</b>	<b>10.7%</b>	<b>2.9%</b>
Interest	61	221	128	70	70	4.7%	4.4%	75	80	95	10.7%	2.9%
<b>Transactions in financial assets and liabilities</b>	<b>1 268</b>	<b>1 511</b>	<b>1 167</b>	<b>1 195</b>	<b>1 195</b>	<b>-2.0%</b>	<b>47.5%</b>	<b>1 350</b>	<b>1 655</b>	<b>1 655</b>	<b>11.5%</b>	<b>53.5%</b>
<b>Total</b>	<b>2 647</b>	<b>3 047</b>	<b>2 683</b>	<b>2 445</b>	<b>2 445</b>	<b>-2.6%</b>	<b>100.0%</b>	<b>2 581</b>	<b>2 934</b>	<b>2 992</b>	<b>7.0%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 13.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Departmental Management	26.7	23.0	26.7	27.6	1.1%	5.9%	36.2	38.2	37.8	11.1%	4.7%
Corporate Services	207.2	195.2	201.4	196.7	-1.7%	45.5%	211.0	221.9	228.9	5.2%	28.6%
Financial Administration	53.9	68.8	61.1	73.5	10.9%	14.6%	86.3	90.8	94.8	8.9%	11.5%
Internal Audit	8.0	8.8	8.8	10.7	10.4%	2.1%	11.9	12.6	13.1	6.8%	1.6%
National Statistics System	16.0	19.6	18.6	25.1	16.2%	4.5%	29.7	31.3	31.9	8.4%	3.9%
Office Accommodation	44.9	96.2	144.8	197.3	63.8%	27.4%	559.6	415.4	314.3	16.8%	49.6%
<b>Total</b>	<b>356.6</b>	<b>411.6</b>	<b>461.4</b>	<b>530.8</b>	<b>14.2%</b>	<b>100.0%</b>	<b>934.7</b>	<b>810.1</b>	<b>720.8</b>	<b>10.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				43.7			287.6	143.0	1.2		

Table 13.5 Administration

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Current payments</b>	<b>344.2</b>	<b>398.6</b>	<b>445.3</b>	<b>510.7</b>	<b>14.0%</b>	<b>96.5%</b>	<b>491.0</b>	<b>507.2</b>	<b>543.9</b>	<b>2.1%</b>	<b>68.5%</b>
Compensation of employees	168.1	192.0	196.6	203.3	6.5%	43.2%	243.8	256.9	270.4	10.0%	32.5%
Goods and services	176.1	206.6	248.7	307.4	20.4%	53.3%	247.2	250.4	273.5	-3.8%	36.0%
of which:											
Communication	5.6	5.8	6.2	5.9	1.7%	1.3%	8.0	8.5	8.9	14.7%	1.0%
Computer services	3.0	3.5	3.0	0.7	-39.6%	0.6%	3.3	3.5	3.7	78.3%	0.4%
Operating leases	34.8	81.4	113.4	143.7	60.4%	21.2%	102.7	95.4	118.7	-6.2%	15.4%
Travel and subsistence	28.3	22.9	26.7	22.1	-7.9%	5.7%	31.3	33.6	26.3	6.0%	3.8%
Interest and rent on land	0.1	0.0	-	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>8.7</b>	<b>7.7</b>	<b>13.8</b>	<b>14.9</b>	<b>19.6%</b>	<b>2.6%</b>	<b>14.8</b>	<b>14.5</b>	<b>15.3</b>	<b>0.8%</b>	<b>2.0%</b>
Departmental agencies and accounts	-	-	-	0.1	-	-	0.0	0.0	0.0	-53.6%	-
Higher education institutions	-	1.0	8.0	8.8	-	1.0%	8.8	8.2	8.6	-0.9%	1.2%
Non-profit institutions	-	0.0	0.1	0.1	-	-	0.1	0.1	0.1	4.6%	-
Households	8.7	6.7	5.7	5.9	-12.1%	1.5%	5.9	6.2	6.5	3.4%	0.8%
<b>Payments for capital assets</b>	<b>3.6</b>	<b>5.1</b>	<b>1.6</b>	<b>5.2</b>	<b>13.2%</b>	<b>0.9%</b>	<b>428.9</b>	<b>288.4</b>	<b>161.6</b>	<b>214.2%</b>	<b>29.5%</b>
Buildings and other fixed structures	-	-	-	-	-	-	421.2	280.3	153.1	-	28.5%
Machinery and equipment	3.6	5.1	1.5	3.7	1.1%	0.8%	7.7	8.1	8.5	31.8%	0.9%
Software and other intangible assets	-	-	0.1	1.5	-	0.1%	-	-	-	-100.0%	0.1%
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.2</b>	<b>0.7</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>356.6</b>	<b>411.6</b>	<b>461.4</b>	<b>530.8</b>	<b>14.2%</b>	<b>100.0%</b>	<b>934.7</b>	<b>810.1</b>	<b>720.8</b>	<b>10.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>21.0%</b>	<b>11.2%</b>	<b>26.2%</b>	<b>30.5%</b>			<b>41.7%</b>	<b>37.1%</b>	<b>33.5%</b>		
<b>Other transfers to households</b>											
<b>Current</b>	<b>8.3</b>	<b>6.7</b>	<b>5.6</b>	<b>5.7</b>	<b>-11.8%</b>	<b>1.5%</b>	<b>5.9</b>	<b>6.2</b>	<b>6.5</b>	<b>4.8%</b>	<b>0.8%</b>
Employee social benefits	-	-	0.4	0.2	-	-	-	-	-	-100.0%	-
Bursaries for non-employees	8.3	6.7	5.3	5.5	-12.8%	1.5%	5.9	6.2	6.5	6.0%	0.8%
<b>Higher education institutions</b>											
<b>Current</b>	<b>-</b>	<b>1.0</b>	<b>8.0</b>	<b>8.8</b>	<b>-</b>	<b>1.0%</b>	<b>8.8</b>	<b>8.2</b>	<b>8.6</b>	<b>-0.9%</b>	<b>1.2%</b>
University of KwaZulu-Natal	-	-	0.5	0.5	-	0.1%	0.5	-	-	-100.0%	-
Stellenbosch University	-	-	6.0	6.8	-	0.7%	6.8	7.2	7.6	3.5%	1.0%
University of the Witwatersrand	-	1.0	0.5	0.5	-	0.1%	0.5	-	-	-100.0%	-
University of Cape Town	-	-	1.0	1.0	-	0.1%	1.0	1.0	1.0	-	0.1%

## Personnel information

Table 13.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment										Number							
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
Administration		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
Salary level	661	-	564	196.6	0.3	661	203.3	0.3	661	243.8	0.4	665	256.9	0.4	661	270.4	0.4	-	100.0%
1 - 6	225	-	191	32.0	0.2	225	27.9	0.1	225	32.6	0.1	208	34.4	0.2	225	36.2	0.2	-	33.3%
7 - 10	290	-	246	71.1	0.3	290	84.3	0.3	290	107.3	0.4	315	113.0	0.4	290	118.9	0.4	-	44.8%
11 - 12	83	-	72	41.3	0.6	83	42.9	0.5	83	57.5	0.7	91	60.6	0.7	83	63.9	0.8	-	12.8%
13 - 16	63	-	55	52.3	1.0	63	48.2	0.8	63	46.3	0.7	51	48.8	1.0	63	51.4	0.8	-	9.1%

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

2. Rand million.

## Expenditure trends

The bulk of the programme's allocation over the medium term is spent on payments for capital assets, operating leases and other office space related costs in the *Office Accommodation* subprogramme; and on compensation of employees, travel and subsistence, and other related costs in the *Corporate Services* and *Financial Administration* subprogrammes. Over the medium term, the spending focus will be on completing the new head office building project and maintaining the personnel capacity to provide support services to the department. As such, spending on buildings and other fixed structures, operating payments, and training and development are projected to increase significantly over the medium term. The expected increase is particularly pronounced in 2014/15, where the *Office Accommodation* subprogramme receives an additional allocation of R421.2 million

for spending on buildings and other fixed structures. The additional allocations provide for the unitary payments and capital contribution fees for the new premises.

At the end of November 2013, the programme had 99 permanent vacant posts due to difficulties experienced in attracting candidates with the relevant specialised skills and restructuring in terms of the grading of posts. Permanent posts were also frozen in order to fund stipends for the internship programme. While the high vacancy rate impacts on performance and staff satisfaction levels, the department expects to fill the vacant posts over the medium term.

Consultants are used for auditing, designing the strategy for the development of statistics, and playing an advisory role in the new building project. Once the construction of the building is completed, spending on consultants is projected to decrease from R17.8 million in 2013/14 to R15.7 million in 2016/17.

Cabinet approved reductions of R1.4 million in 2014/15, R1.4 million in 2015/16 and R10.6 million in 2016/17 are to be implemented in travel and subsistence and are likely to impact negatively on investigations into thefts and losses, and fraud and corruption awareness campaigns in the provincial and district offices.

## Programme 2: Economic Statistics

### Objectives

- Inform economic planning, monitoring and decision making in relation to national, provincial and local government, and public stakeholders by:
  - providing ongoing accurate, relevant and timely economic statistical information through the application of internationally recognised practices
  - publishing quarterly and annual GDP estimates providing information on 10 industries of the economy
  - publishing monthly, quarterly, annual and periodic statistical releases on industry, trade and financial statistics in the private and public sector.
- Provide information for inflation targeting and on the changing cost of living by:
  - improving the measurement of price changes in the economy through the application of internationally recognised standards and practices on an ongoing basis
  - publishing monthly statistical releases on the consumer price and producer price indices.

### Subprogrammes

- *Programme Management for Economic Statistics* provides strategic direction and leadership in this programme. Key activities in 2012/13 and 2013/14 included the signing off of more than 400 statistical releases and reports, the updating and monitoring of the implementation of the economic statistics strategy, and maintaining relations with key partners in the national statistics system. This subprogramme had a staff complement of 3 in 2013/14.
- *Short Term Indicators* provides information on turnover and volumes in various industries in the economy through the publication of monthly, quarterly and annual statistical releases. A key activity in 2012/13 and 2013/14 was the conducting of 14 business surveys in the mining and quarrying, manufacturing, electricity, gas and water, construction, trade and transport industries. In 2012/13, key outputs included 150 statistical releases on 10 industries. By the end of September 2013, 76 statistical releases on 10 industries had been published. This subprogramme had a staff complement of 100 in 2013/14.
- *Structural Industry Statistics* provides periodic information on the income and expenditure structure of industries by publishing periodic statistical information. A key activity in 2012/13 was the conducting of business surveys focusing on, among others, the agricultural, manufacturing and services industries. In 2012/13, 7 periodic statistical reports were produced on selected industries. By the end of September 2013, a periodic statistical report on the construction industry had been published. This subprogramme had a staff complement of 127 in 2013/14.
- *Price Statistics* provides information on the level of inflation by producing the consumer price index and various producer price indices. Key activities in 2012/13 included the collection of consumer and producer

prices from retail stores and manufacturing companies, the rebasing of the consumer price index and the re-engineering of the producer price index. In 2012/13, both indices were published monthly, including the rebased and re-engineered versions. By the end of September 2013, 6 consumer price and producer price indexes had been published. This subprogramme had a staff complement of 202 in 2013/14.

- *Private Sector Finance Statistics* tracks the financial performance of private sector organisations. Key activities in 2012/13 and 2013/14 included the completion of quarterly and annual business surveys on private sector spending. Key outputs in 2012/13 included quarterly and annual releases on financial statistics of private sector enterprises. By the end of September 2013, 2 quarterly releases on the financial statistics of private sector enterprises had been published. This subprogramme had a staff complement of 97 in 2013/14.
- *Government Finance Statistics* tracks public sector spending. A key activity in 2012/13 and 2013/14 was the compilation of quarterly and annual statistical information on national, provincial and local government spending. Key outputs in 2012/13 included quarterly statistical releases on financial statistics of municipalities and 8 annual releases on financial and non-financial statistics of municipalities and other government spending, such as extra budgetary accounts and funds, capital expenditure of the public sector and higher education institutions. By the end of September 2013, 2 quarterly releases on the financial statistics of municipalities and 6 annual releases on government spending had been published. This subprogramme had a staff complement of 29 in 2013/14.
- *National Accounts* produces GDP data and other integrative statistical products. Key activities in 2012/13 and 2013/14 included the compilation of national accounts statistics and research on national accounts. Key outputs for 2012/13 included: quarterly and annual GDP estimates; annual GDP per region estimates; biannual supply and use tables; and research documents on environmental economic and satellite accounts and the social accounting matrix. By the end of September 2013, 2 quarterly releases on the GDP estimates had been published. This subprogramme had a staff complement of 18 in 2013/14.
- *Economic Analysis* integrates and analyses information from various internal and external data sources. Key activities in 2012/13 and 2013/14 included research on different economic sectors and factors affecting economic activities, and the release of flash GDP estimates. Key outputs in 2012/13 included 4 research reports and the quarterly flash GDP estimates. Key outputs in 2013/14 included a research report on GDP based on the income approach and 2 quarterly flash GDP estimates. This subprogramme had a staff complement of 11 in 2013/14.

## Expenditure estimates

**Table 13.7 Economic Statistics**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Programme Management for Economic Statistics	2.2	2.6	2.6	2.8	8.2%	1.5%	3.3	3.5	3.6	8.3%	1.5%
Short Term Indicators	22.6	27.0	26.8	27.1	6.2%	14.8%	30.6	32.2	33.8	7.6%	14.4%
Structural Industry Statistics	25.6	30.0	32.5	35.6	11.6%	17.6%	37.4	39.4	41.0	4.8%	17.9%
Price Statistics	57.9	56.3	61.0	63.8	3.3%	34.1%	67.1	70.7	72.6	4.4%	32.0%
Private Sector Finance Statistics	22.7	24.1	24.7	26.9	5.9%	14.0%	28.2	29.9	31.0	4.8%	13.5%
Government Finance Statistics	10.8	12.3	13.0	14.0	9.2%	7.1%	15.3	16.1	16.9	6.4%	7.3%
National Accounts	7.8	9.2	8.8	11.5	13.6%	5.3%	12.4	13.1	13.5	5.6%	5.9%
Economic Analysis	5.5	6.1	12.8	14.9	39.1%	5.6%	16.1	17.0	16.6	3.6%	7.5%
<b>Total</b>	<b>155.2</b>	<b>167.6</b>	<b>182.2</b>	<b>196.7</b>	<b>8.2%</b>	<b>100.0%</b>	<b>210.5</b>	<b>221.9</b>	<b>229.1</b>	<b>5.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(2.4)			(0.8)	(2.0)	(6.6)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>153.9</b>	<b>166.4</b>	<b>181.4</b>	<b>195.9</b>	<b>8.4%</b>	<b>99.4%</b>	<b>209.6</b>	<b>220.9</b>	<b>228.1</b>	<b>5.2%</b>	<b>99.6%</b>
Compensation of employees	139.5	147.7	161.0	169.4	6.7%	88.0%	181.0	190.8	200.9	5.8%	86.5%
Goods and services	14.4	18.7	20.4	26.5	22.4%	11.4%	28.6	30.2	27.2	0.9%	13.1%
of which:											
Communication	4.4	4.5	4.8	5.2	5.4%	2.7%	5.3	5.6	5.9	4.0%	2.5%
Computer services	0.0	0.0	-	0.1	115.4%	-	0.0	0.0	0.0	-32.5%	-

Table 13.7 Economic Statistics

R million	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
Operating leases	-	-	0.3	-	-	-	-	-	-	-	-	-
Travel and subsistence	6.0	7.8	5.7	7.5	7.4%	3.9%	10.9	11.5	9.2	7.3%	4.6%	
Interest and rent on land	0.1	-	-	-	-100.0%	-	-	-	-	-	-	-
Transfers and subsidies	0.1	0.1	0.2	0.2	21.2%	0.1%	0.0	0.0	0.0	-84.0%	-	
Households	0.1	0.1	0.2	0.2	20.2%	0.1%	-	-	-	-100.0%	-	
Payments for capital assets	1.1	1.1	0.6	0.6	-18.1%	0.5%	0.9	0.9	1.0	17.3%	0.4%	
Machinery and equipment	1.1	1.1	0.6	0.6	-18.2%	0.5%	0.9	0.9	1.0	17.4%	0.4%	
<b>Total</b>	<b>155.2</b>	<b>167.6</b>	<b>182.2</b>	<b>196.7</b>	<b>8.2%</b>	<b>100.0%</b>	<b>210.5</b>	<b>221.9</b>	<b>229.1</b>	<b>5.2%</b>	<b>100.0%</b>	
Proportion of total programme expenditure to vote expenditure	9.2%	4.6%	10.3%	11.3%			9.4%	10.2%	10.7%			

## Personnel information

Table 13.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Economic Statistics	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
Salary level	688	-	633	161.0	0.3	688	169.0	0.2	592	181.0	0.3	601	190.8	0.3	602	200.9	0.3	-4.4%	100.0%
1 - 6	363	-	340	44.3	0.1	363	55.9	0.2	291	57.0	0.2	291	60.1	0.2	291	60.3	0.2	-7.1%	49.8%
7 - 10	239	-	219	52.9	0.2	239	63.2	0.3	217	79.6	0.4	223	68.4	0.3	223	72.5	0.3	-2.3%	36.3%
11 - 12	54	-	45	37.9	0.8	54	26.1	0.5	53	15.9	0.3	55	32.8	0.6	55	34.6	0.6	0.6%	8.7%
13 - 16	32	-	29	25.8	0.9	32	23.9	0.7	31	28.6	0.9	32	29.5	0.9	33	33.6	1.0	1.0%	5.2%

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

2. Rand million.

## Expenditure trends

Between 2010/11 and 2013/14, expenditure in the *Economic Analysis* subprogramme increased significantly as a result of the department producing more research and technical papers on the calculation of GDP estimates and developing a new suite of five producer price indexes, which replaced the traditional single index. The new indices are aligned with international best practice and enhance users' understanding of how prices are transmitted through the economy. The projected outcome of GDP reform is the weighting and rebasing of GDP related data. Expenditure in the *National Accounts* subprogramme also increased significantly to fund an increase in capacity to produce quarterly GDP estimate reports on 10 sectors of the economy, independent annual GDP estimates on 34 sectors of the economy, and regional GDP estimates.

The spending focus over the medium term will be on producing statistics on inflation levels, public sector financial performance and spending, and sectoral information on the economy. This is expected to contribute to sound economic planning and decision making, particularly with regard to government policies and actions, and is mainly provided for in spending on compensation of employees.

At the end of November 2013, the programme had 47 permanent vacant posts. This programme employs economists and survey statisticians, who are in high demand. There is significant movement of staff due to the number of promotional opportunities and resignations. The number of permanent posts is expected to decrease from 688 in 2013/14 to 602 in 2016/17 as 67 posts will be moved to the *Labour Statistics* subprogramme within the *Population and Social Statistics* programme.

Consultants are used for research on satellite and environment accounts and GDP income and production, as the department does not have specialised permanent staff for this work. Consultants are engaged mainly for the national accounts capacity building project. Spending on consultants increased from R185 000 in 2010/11 to R7 million in 2013/14 and is expected to decrease to R4.9 million in 2016/17. Cabinet approved reductions of R440 000 in 2014/15, R438 000 in 2015/16 and R3.4 million in 2016/17 have been implemented on travel and

subsistence. The reductions are set to impact on the collection of questionnaires for manufacturing and transport surveys.

## Programme 3: Population and Social Statistics

### Objectives

- Inform social and economic development planning, monitoring and decision making for use by both the public and private sectors by:
  - providing accurate, relevant and timely statistical information through the application of internationally recognised standards and practices on an ongoing basis
  - publishing quarterly, annual and periodic statistical information on the labour market, employment and earnings, vital registrations, poverty levels, living conditions and service delivery, as well as population dynamics and demographic trends.

### Subprogrammes

- *Programme Management for Population and Social Statistics* provides strategic direction and leadership for the programme. Key activities in 2012/13 and 2013/14 included the release of the Census 2011 results, the signing off of statistical releases and reports, oversight of the implementation of the population and social statistics strategy and maintaining relations with key partners in the national statistics system. This subprogramme had a staff complement of 8 in 2013/14.
- *Population Statistics* publishes population statistics collected through population censuses and surveys. Key activities in 2012/13 pertaining to Census 2011 included quality assessments of data collected, and the preparation of the basic documents which were used at the launch of the census results. Key outputs included the main statistical release; releases on how the count was done and key results; fact sheets; and a census in brief document. Key activities in 2013/14 included conducting research and analysis on census and survey data and publishing thematic reports. By the end of September 2013, thematic reports on ageing and youth had been published with additional reports on disability and education planned. This subprogramme had a staff complement of 23 in 2013/14.
- *Health and Vital Statistics* publishes statistics on births, deaths, marriages, divorces, tourism and migration, based on administrative records. Key activities in 2012/13 and 2013/14 included the compilation of monthly and annual statistical information on vital events. Key outputs in 2012/13 included monthly publications on tourism and migration; annual publications on mortality and causes of death, recorded live births, marriages and divorces, tourism and documented immigrants; and a thematic report on health. By the end of September 2013, 6 monthly releases on tourism and migration and an annual report on tourism had been published. This subprogramme had a staff complement of 16 in 2013/14.
- *Social Statistics* provides information on living conditions, domestic tourism and crime through household surveys. Key activities in 2012/13 and 2013/14 included testing and implementing a new continuous data collection methodology for household surveys and conducting general household, domestic tourism and victims of crime surveys. Key outputs in 2012/13 included 6 annual releases and reports on domestic tourism, living conditions and crime. By the end of September 2013, a report on a feasibility study on crime against business had been published. This subprogramme had a staff complement of 18 in 2013/14.
- *Demographic Analysis* collates and analyses data from censuses and other surveys, as well as administrative data to compile mid-year population estimates and generate a knowledge base on social and population themes. A key activity in 2012/13 was the compilation of sub-provincial estimates and municipal facts sheets based on Census 2011 and key outputs were the municipal fact sheets showing key indicators for each municipality, district and province. Key activities in 2013/14 included the compilation of mid-year population estimates and the conducting of thematic research and analysis on fertility, age and gender structure, mortality and migration. By the end of September 2013, the mid-year population estimates had been published. This subprogramme had a staff complement of 11 in 2013/14.
- *Labour Statistics* provides information on employment levels in the formal, non-agricultural sector and labour market trends in South Africa. In 2012/13 and 2013/14, key activities included conducting quarterly

surveys on employment and earnings and labour market trends. In 2012/13, key outputs included an annual statistical report and quarterly releases on survey findings. By the end of September 2013, 2 quarterly reports on employment and earnings and 2 quarterly reports on labour market trends had been published. This subprogramme had a staff complement of 98 in 2013/14.

- *Poverty and Inequality Statistics* is discussed in more detail below.

## Expenditure estimates

**Table 13.9 Population and Social Statistics**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Programme Management for Population and Social Statistics	4.0	4.1	4.5	6.2	15.3%	4.4%	4.4	4.6	4.5	-9.8%	4.0%
Population Statistics	9.7	10.4	10.8	10.6	3.0%	9.6%	7.6	8.0	8.4	-7.5%	7.0%
Health and Vital Statistics	22.1	8.6	11.6	12.8	-16.6%	12.8%	13.3	17.6	18.0	11.9%	12.5%
Social Statistics	7.3	9.2	12.4	13.5	22.8%	9.8%	13.7	14.5	14.9	3.5%	11.5%
Demographic Analysis	4.9	4.2	4.1	8.7	20.7%	5.1%	14.6	15.4	16.0	22.6%	11.1%
Labour Statistics	30.9	29.9	30.6	33.5	2.7%	28.9%	40.8	39.4	41.4	7.4%	31.5%
Poverty and Inequality Statistics	47.4	27.8	28.2	24.3	-20.0%	29.5%	23.5	30.7	30.9	8.3%	22.2%
<b>Total</b>	<b>126.5</b>	<b>94.3</b>	<b>102.3</b>	<b>109.6</b>	<b>-4.7%</b>	<b>100.0%</b>	<b>117.9</b>	<b>130.2</b>	<b>134.1</b>	<b>7.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(2.2)			(2.0)	2.8	(0.0)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>124.1</b>	<b>90.2</b>	<b>94.6</b>	<b>108.4</b>	<b>-4.4%</b>	<b>96.5%</b>	<b>117.1</b>	<b>129.4</b>	<b>133.2</b>	<b>7.1%</b>	<b>99.3%</b>
Compensation of employees	93.3	60.1	66.8	81.6	-4.4%	69.7%	93.9	99.1	104.4	8.6%	77.0%
Goods and services	30.8	30.1	27.8	26.9	-4.4%	26.7%	23.2	30.3	28.9	2.4%	22.2%
of which:											
Communication	2.7	2.3	2.4	2.2	-7.1%	2.2%	2.0	2.2	2.3	1.1%	1.8%
Computer services	0.0	0.3	0.9	0.0	-26.1%	0.3%	0.1	0.1	0.1	73.9%	0.1%
Operating leases	-	0.0	-	0.1	-	-	-	-	-	-100.0%	-
Travel and subsistence	12.2	17.1	14.5	7.8	-13.6%	11.9%	3.8	7.1	5.2	-12.7%	4.9%
<b>Transfers and subsidies</b>	<b>0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>	<b>-15.8%</b>	<b>0.3%</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>-1.0%</b>	<b>0.2%</b>
Non-profit institutions	0.3	-	-	0.1	-33.0%	0.1%	0.2	0.2	0.2	31.0%	0.1%
Households	0.1	0.2	0.3	0.1	33.9%	0.2%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>1.2</b>	<b>0.6</b>	<b>0.3</b>	<b>0.9</b>	<b>-9.6%</b>	<b>0.7%</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>-8.7%</b>	<b>0.6%</b>
Machinery and equipment	1.2	0.6	0.3	0.9	-8.7%	0.7%	0.5	0.5	0.6	-13.7%	0.5%
Software and other intangible assets	0.0	-	-	-	-100.0%	-	0.1	0.1	0.1	-	0.1%
<b>Payments for financial assets</b>	<b>0.8</b>	<b>3.3</b>	<b>7.1</b>	<b>-</b>	<b>-100.0%</b>	<b>2.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>126.5</b>	<b>94.3</b>	<b>102.3</b>	<b>109.6</b>	<b>-4.7%</b>	<b>100.0%</b>	<b>117.9</b>	<b>130.2</b>	<b>134.1</b>	<b>7.0%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	7.5%	2.6%	5.8%	6.3%			5.3%	6.0%	6.2%		

## Personnel information

**Table 13.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	Unit Cost	2013/14	Unit Cost	2014/15	Unit Cost	2015/16		2016/17		2013/14 - 2016/17						
<b>Population and Social Statistics</b>			<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>		
Salary level	169	-	128	66.8	0.5	168	76.3	0.5	210	93.9	0.4	210	99.1	0.5	210	104.4	0.5	7.7%	100.0%
1-6	7	-	6	0.6	0.1	6	1.0	0.2	60	20.4	0.3	60	21.0	0.3	60	21.6	0.4	115.4%	23.3%
7-10	69	-	48	10.8	0.2	70	18.3	0.3	69	23.0	0.3	69	24.1	0.3	69	25.5	0.4	-0.5%	34.7%
11-12	49	-	40	28.7	0.7	48	22.9	0.5	43	21.9	0.5	43	22.3	0.5	43	23.9	0.6	-3.6%	22.2%
13-16	44	-	34	26.6	0.8	44	34.0	0.8	38	28.5	0.8	38	31.7	0.8	38	33.4	0.9	-4.8%	19.8%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on producing population and social statistical information that aids in monitoring social and demographic changes, underpins policy development and supports the statistical infrastructure of the country. This is reflected in the significant allocations to the *Poverty and Inequality Statistics*, *Health and Vital Statistics*, *Labour Statistics* and *Demographic Analysis* subprogrammes, where reports on quarterly employment estimates, annual mortality and causes of deaths, and annual population estimates are produced.

The production of these statistics is labour intensive, which explains why a significant amount of the budget over the medium term is allocated to compensation of employees. At the end of November 2013, the programme had 29 permanent vacant posts. The posts were vacant due to difficulties experienced in attracting candidates with the relevant skills. The recruitment process for some posts is currently under way and the department expects to fill them over the medium term. The high vacancy rate has a negative impact on performance and staff satisfaction. Over the medium term, the number of permanent posts is expected to increase from 168 to 210 as a result of the movement of the quarterly employment component from the *Price Statistics* subprogramme in the *Economic Statistics* programme to the *Labour Statistics* subprogramme in this programme.

As the department does not have the specialised staff, the programme uses consultants for enhancing medical practitioners' knowledge regarding the completion of death notification forms, and providing technical and analytical support for the production of poverty statistics. Spending on consultants is expected to decrease from R5 million in 2013/14 to R3.9 million over the medium term, as the programme aims to reduce its reliance on their services. Cabinet approved reductions of R396 000 in 2014/15, R397 000 in 2015/16 and R3.1 million in 2016/17 on travel and subsistence will have an impact on the provision of technical support on the social statistics surveys in the provincial and district offices.

Between 2010/11 and 2012/13, expenditure in the *Population Statistics* subprogramme was mainly on the Census 2011 project and conducting quality assessments of the data collected. Expenditure decreased significantly in 2013/14, after the project was concluded.

## Subprogramme: Poverty and Inequality Statistics

This subprogramme provides information on poverty levels and income and expenditure trends among the population of South Africa. The subprogramme is also responsible for providing appropriate and statistically reliable information on households' acquisition and consumption patterns, and expenditure patterns in all types of settlements. The organisation intends to implement a rolling collection methodology. Key activities in 2012/13 included the compilation and publication of reports on different elements of the poverty profile. Key activities in 2013/14 included the compilation of a report on poverty trends, a poverty index and South African indices of multiple deprivation. At the end of September 2013, the poverty index and South African indices of multiple deprivation were on track to be published. This subprogramme had a staff complement of 34 in 2013/14.

## Expenditure estimates

**Table 13.11 Poverty and Inequality Statistics**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14					2013/14 - 2016/17	
<b>Current payments</b>	<b>46.4</b>	<b>25.8</b>	<b>23.5</b>	<b>24.2</b>	<b>-19.6%</b>	<b>93.9%</b>	<b>23.5</b>	<b>30.7</b>	<b>30.9</b>	<b>8.5%</b>	<b>99.9%</b>
Compensation of employees	31.8	12.9	13.4	15.0	-22.3%	57.2%	18.9	19.9	21.0	12.0%	68.4%
Goods and services	14.6	12.9	10.1	9.2	-14.3%	36.6%	4.5	10.8	9.9	2.3%	31.5%
of which:											
Communication	0.7	0.5	0.6	0.6	-9.2%	1.9%	0.7	0.7	0.7	9.8%	2.4%
Computer services	-	0.1	-	-	-	0.1%	-	-	-	-	-
Travel and subsistence	6.7	9.4	6.2	4.5	-12.1%	21.0%	1.7	2.9	2.1	-23.1%	10.3%

Table 13.11 Poverty and Inequality Statistics

R million	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Transfers and subsidies	-	0.1	0.3	-	-	0.3%	-	-	-	-	-
Households	-	0.1	0.3	-	-	0.3%	-	-	-	-	-
Payments for capital assets	0.2	0.1	-	0.1	-13.9%	0.4%	-	-	-	-100.0%	0.1%
Machinery and equipment	0.2	0.1	-	0.1	-13.9%	0.4%	-	-	-	-100.0%	0.1%
Payments for financial assets	0.8	1.7	4.5	-	-100.0%	5.5%	-	-	-	-	-
<b>Total</b>	<b>47.4</b>	<b>27.8</b>	<b>28.2</b>	<b>24.3</b>	<b>-20.0%</b>	<b>100.0%</b>	<b>23.5</b>	<b>30.7</b>	<b>30.9</b>	<b>8.3%</b>	<b>100.0%</b>
Proportion of total subprogramme expenditure to programme expenditure	37.5%	29.5%	27.6%	22.2%			19.9%	23.6%	23.0%		

## Personnel information

Table 13.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Poverty and Inequality Statistics	Salary level	Number of funded posts	Number of posts estimated for 31 March 2014	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
					Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%) 2013/14 - 2016/17	Salary level/total: Average (%) 2013/14 - 2016/17			
					2012/13	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17								
					Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
					26	13.4	0.5	23	14.4	0.6	36	18.9	0.5	36	19.9	0.6	36	21.0	0.6	16.1%	100.0%
	1-6	-	-	-	4	3.8	1.0	1	0.3	0.3	-	-	-	-	-	-	-	-	-	-100.0%	0.8%
	7-10	33	-	-	10	3.7	0.4	10	5.1	0.5	16	5.3	0.3	16	5.6	0.3	16	5.9	0.4	17.0%	44.3%
	11-12	9	-	-	7	2.5	0.4	7	4.2	0.6	11	6.0	0.5	11	6.3	0.6	11	6.6	0.6	16.3%	30.5%
	13-16	1	-	-	5	3.4	0.7	5	4.9	1.0	9	7.6	0.8	9	8.1	0.9	9	8.5	0.9	21.6%	24.4%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on conducting the living conditions survey, a household survey visiting sampled households over a 12 month period. Completing the conditions surveys requires significant spending on compensation of employees, and travel and subsistence for the employees who conduct, compile, analyse and publish the surveys. These two expenditure items make up 70.1 per cent of the subprogramme's expenditure in 2016/17 and are also the main reasons for the increase of 8.3 per cent in spending on compensation of employees and goods and services between 2013/14 and 2016/17.

At the end of November 2013, there were 12 vacancies, due to the high demand for skilled employees in this sector. The department expects to fill these vacant posts and some are currently in the recruitment process. The staff establishment is projected to increase from 23 to 36 posts over the medium term, mainly due to the labour intensive nature of survey activities.

Consultants are used to provide technical and analytical support for the production of poverty statistics. Beyond providing technical and analytical support, consultants transfer skills related to the production of poverty statistics to the permanent staff. The expected completion of the skills transfer is reflected in the projected decrease in spending on consultants over the medium term.

Between 2010/11 and 2013/14, expenditure decreased significantly following the completion of the income and expenditure survey in 2011/12.

## Programme 4: Methodology, Standards and Research

### Objectives

- Improve the comparability and accuracy of statistical information by annually reviewing and evaluating methodological compliance in survey areas and applying appropriate quality criteria, standards, classifications and procedures to the statistical value chain.
- Ensure accurate and reliable statistical information for users by the regular use of a sound business sampling frame to draw annual samples for all economic surveys.
- Provide statistical support and advice to policy makers by annually conducting policy research and analysis on emerging policy matters and producing annual research papers on the economy and society.

### Subprogrammes

- *Programme Management for Methodology, Standards and Research* provides strategic direction and leadership for the programme. Key activities in 2012/13 and 2013/14 included monitoring the implementation of the cluster strategy and maintaining relations with the South African Revenue Service on the business register. This subprogramme had a staff complement of 11 in 2013/14.
- *Policy Research and Analysis* provides integrated statistical advice and support for policy planners and development practitioners, and participates in knowledge research and innovation on key development themes. Key activities in 2012/13 and 2013/14 included research and analysis and the compilation of research papers. Key outputs in 2012/13 included 12 research papers and by the end of September 2013, 10 such reports were on track to be completed. This subprogramme had a staff complement of 7 in 2013/14.
- *Methodology and Evaluation* provides technical expertise on methodologies and technical solutions for producing official statistics and conducting reviews of surveys. Key activities in 2012/13 and 2013/14 included the provision of methodological support to survey areas through drawing samples for economic and social surveys and developing technical solutions for these areas. Key outputs in 2012/13 included the provision of comprehensive methodological support to the survey areas, the implementation of a sample rotation, 6 methodological research reports and the post-enumeration survey for Census 2011. By the end of September 2013, comprehensive methodological support had been provided to survey areas and 17 technical solutions had been developed. This subprogramme had a staff complement of 75 in 2013/14.
- *Survey Standards* develops standards, classifications and definitions for surveys undertaken by the department. Key activities in 2012/13 and 2013/14 included developing, reviewing and updating standards, classifications and definitions for surveys. Key outputs for 2012/13 included new and updated statistical standards on, among others, the economic statistics questions database, a household statistics classifications database and an updated concepts and definitions database. By the end of September 2013, a set of standards on non-profit institutions had been published. This subprogramme had a staff complement of 7 in 2013/14.
- *Business Register* maintains and improves the sampling frame for economic statistics. Key activities in 2012/13 and 2013/14 included the surveying of large businesses, the compilation of reports on performance and quality indicators for the business register complex, and the provision of sampling frames. In 2012/13, a survey of large businesses with a response rate of 93 per cent, quarterly reports on performance and quality indicators for the business register complex, the final business sampling frame snapshot and a common sampling frame were completed. By the end of September 2013, surveys of large businesses were in progress, 2 quarterly reports on performance and quality indicators for the business register complex had been compiled and 2 quarterly snapshots had been completed. This subprogramme had a staff complement of 74 in 2013/14.

## Expenditure estimates

**Table 13.13 Methodology, Standards and Research**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Programme Management for Methodology, Standards and Research	2.5	3.9	4.4	5.8	32.1%	8.5%	3.7	3.8	3.9	-12.1%	6.4%
Policy Research and Analysis	–	3.3	3.5	4.7	–	5.9%	6.5	6.9	6.8	13.7%	9.2%
Methodology and Evaluation	10.8	11.6	11.9	20.0	22.7%	27.8%	17.1	18.1	19.0	-1.8%	27.5%
Survey Standards	1.8	2.5	2.1	3.5	25.1%	5.0%	6.9	7.3	7.6	29.8%	9.4%
Business Register	23.1	24.8	26.6	29.0	7.8%	52.9%	31.3	33.0	34.6	6.1%	47.5%
<b>Total</b>	<b>38.3</b>	<b>46.1</b>	<b>48.5</b>	<b>62.9</b>	<b>18.0%</b>	<b>100.0%</b>	<b>65.5</b>	<b>69.0</b>	<b>71.9</b>	<b>4.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(5.8)			(0.9)	(2.1)	(2.9)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>37.3</b>	<b>45.7</b>	<b>48.3</b>	<b>61.9</b>	<b>18.4%</b>	<b>98.7%</b>	<b>64.9</b>	<b>68.6</b>	<b>71.5</b>	<b>4.9%</b>	<b>99.1%</b>
Compensation of employees	34.5	41.3	45.8	58.0	18.9%	91.7%	59.4	62.6	66.0	4.4%	91.4%
Goods and services	2.8	4.4	2.5	4.0	12.0%	7.0%	5.4	6.0	5.6	12.1%	7.8%
of which:											
Communication	1.0	0.9	0.7	1.2	7.5%	2.0%	1.2	1.7	1.8	13.6%	2.2%
Computer services	–	1.6	0.5	–	–	1.1%	–	–	–	–	–
Travel and subsistence	0.7	0.9	0.5	1.5	32.1%	1.8%	2.4	2.5	2.0	8.6%	3.1%
<b>Transfers and subsidies</b>	<b>–</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>–</b>	<b>0.1%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>
Households	–	0.1	0.1	0.1	–	0.1%	–	–	–	-100.0%	–
<b>Payments for capital assets</b>	<b>1.0</b>	<b>0.3</b>	<b>0.1</b>	<b>0.9</b>	<b>-2.7%</b>	<b>1.2%</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>-24.2%</b>	<b>0.8%</b>
Machinery and equipment	1.0	0.3	0.1	0.5	-20.2%	1.0%	0.6	0.4	0.4	-7.6%	0.7%
Software and other intangible assets	–	–	–	0.4	–	0.2%	–	–	–	-100.0%	0.1%
<b>Total</b>	<b>38.3</b>	<b>46.1</b>	<b>48.5</b>	<b>62.9</b>	<b>18.0%</b>	<b>100.0%</b>	<b>65.5</b>	<b>69.0</b>	<b>71.9</b>	<b>4.6%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	2.3%	1.3%	2.8%	3.6%			2.9%	3.2%	3.3%		

## Personnel information

**Table 13.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Methodology, Standards and Research	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
			2012/13		2013/14		2014/15			2015/16			2016/17			2013/14 - 2016/17			
Salary level			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
	167	–	147	45.8	0.3	167	54.5	0.3	125	59.4	0.5	125	62.6	0.5	125	66.0	0.5	-9.2%	100.0%
7 – 10	96	–	88	14.6	0.2	96	22.3	0.2	83	28.7	0.3	83	28.7	0.3	83	30.3	0.4	-4.7%	63.7%
11 – 12	47	–	39	18.1	0.5	47	18.9	0.4	22	14.1	0.6	22	14.8	0.7	22	15.6	0.7	-22.4%	20.8%
13 – 16	24	–	20	13.1	0.7	24	13.3	0.6	20	16.7	0.8	20	19.2	1.0	20	20.0	1.0	-5.9%	15.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing technical expertise on the methodologies and technical solutions for the production of official statistics, and maintaining and improving the sampling frame for economic statistics. This is supported by spending in the *Methodology and Evaluation and Business Register* subprogrammes, which comprise the bulk of the programme's expenditure over the medium term. Expenditure in these subprogrammes allows the department to maintain the business register, which serves as a foundation of economic statistics. It also allows the department to provide technical expertise on methodologies and technical solutions for producing official statistics, conduct reviews of surveys through methodology and evaluation, and develop standards, classifications and definitions for surveys undertaken. This is reflected in spending on compensation of employees and goods and services, such as communication and travel and subsistence.

At the end of November 2013, the programme had 21 permanent vacant posts, as the system developers and methodologists it employs are in high demand in the labour market. The number of permanent posts is expected

to decrease from 167 to 125 over the medium term. This is mainly as a result of the application and database development component moving to the *Business Modernisation* subprogramme under the Statistical Support and Informatics programme, where it has been deemed more relevant.

Cabinet approved budget reductions of R106 000 in 2014/15, R109 000 in 2015/16 and R841 000 in 2016/17 are to be implemented on travel and subsistence costs. This is set to impact on the collection of data to update and maintain the business sampling frame.

Between 2010/11 and 2013/14, spending in this programme increased by 18 per cent, mainly due to capacity building for expanding the methodological support provided to various surveys as well as the establishment of an integrated business registration system. This increase is reflected in the Survey Standards, Policy Research and *Analysis and Business Register* subprogrammes. To expand the methodological support provided to various surveys and establish an integrated business registration system, spending was mainly focused on communication and travel and subsistence.

## Programme 5: Statistical Support and Informatics

### Objectives

- Ensure a reliable sampling frame for household surveys by updating the spatial frame and database annually.
- Support the department's production of official statistics by upgrading and maintaining ICT infrastructure and ensuring 90 per cent of network availability for users at all times over the medium term.

### Subprogrammes

- *Programme Management for Statistical Support and Informatics* provides strategic direction and leadership for the programme. Key activities in 2012/13 and 2013/14 included developing a geospatial strategy for Statistics South Africa, driving the development of an IT governance framework, monitoring the implementation of the work programme and maintaining relations with key partners in the national statistics system. This subprogramme had a staff complement of 3 in 2013/14.
- *Geography Services* provides a mapping and information service to the department and other users. Key activities in 2012/13 and 2013/14 included the provision of mapping and information services to the survey areas and the development of mapping products. Key outputs in 2012/13 included the provision of maps to household survey areas and the development of a digital census atlas for the launch of the Census 2011 results. By the end of September 2013, survey areas had been assisted through map reading training, the provision of a mapping and information service and improved digital census atlas functionality. This subprogramme had a staff complement of 47 in 2013/14.
- *Geography Frames* provides a sampling frame for household surveys and censuses. Key activities in 2012/13 included the updating and capturing of new information on the spatial information frame as collected through the Census 2011, the creation and maintenance of points, the assigning of addresses, and place name and enumeration area demarcation. Key outputs included an updated spatial information frame, with 500 000 new points created and 358 000 addresses assigned. By the end of September 2013, the process of updating and capturing new information had progressed, with over 2 million points being created, more than 4 million points being maintained and 68 000 addresses being assigned. This subprogramme had a staff complement of 42 in 2013/14.
- *Publication Services* provides editing, publishing and distribution services to survey areas. Key activities include editing, designing and producing publications as required by the organisation and making statistical databases available electronically in time series based on user needs. Key outputs included the compilation and distribution of 269 publications, the design of 197 products and the editing of 288 products. The subprogramme played a significant role in the preparation for the launch of Census 2011 and the dissemination of its findings. By September 2013, 358 products had been edited, 170 products had been designed and 96 statistical databases had been made available electronically in time series based on user needs. This subprogramme had a staff complement of 44 in 2013/14.
- *Data Management and Technology* provides technology infrastructure for the department and supports data management across statistical series. Key activities in 2012/13 and 2013/14 included the updating of IT

infrastructure and the provision of IT services to the department. Key outputs in 2012/13 included the implementation of 2 data protection systems, 2 infrastructure initiatives and the provision of IT services to the department. By the end of September 2013, network management initiatives had begun and were on track to be implemented. This subprogramme had a staff complement of 51 in 2013/14.

- *Business Modernisation* improves data and information management across the department by modernising the way business is conducted and supported by technology, as well as developing systems applications. Key activities in 2012/13 and 2013/14 included research into new technology, management of the enterprise architecture and the development of systems to improve business processes. Key outputs in 2012/13 included 2 research papers on WiFi and enterprise architecture and 2 workflow schemes for corporate services. By the end of September 2013, a new web portal for Statistics South Africa had been launched and 17 new systems had been developed for statistical areas. This subprogramme had a staff complement of 11 in 2013/14.

## Expenditure estimates

**Table 13.15 Statistical Support and Informatics**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Programme Management for Statistical Support and Informatics	2.7	2.3	2.5	2.7	-0.7%	1.2%	2.8	3.0	3.1	4.8%	1.2%
Geography Services	27.9	23.2	32.9	29.3	1.6%	13.6%	24.8	26.2	27.5	-2.0%	11.0%
Geography Frames	47.1	27.1	21.6	19.6	-25.4%	13.8%	24.1	25.4	26.2	10.2%	9.7%
Publication Services	16.7	20.3	20.1	27.9	18.5%	10.2%	28.3	29.8	31.2	3.8%	11.9%
Data Management and Technology	100.9	99.9	99.5	114.7	4.4%	49.8%	119.7	121.5	127.8	3.7%	49.2%
Business Modernisation	17.1	26.8	26.3	24.6	12.9%	11.4%	45.4	47.9	50.3	26.8%	17.1%
<b>Total</b>	<b>212.5</b>	<b>199.6</b>	<b>202.9</b>	<b>218.7</b>	<b>1.0%</b>	<b>100.0%</b>	<b>245.1</b>	<b>253.6</b>	<b>266.1</b>	<b>6.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(5.0)			3.2	7.4	6.8		
<b>Economic classification</b>											
<b>Current payments</b>	<b>191.0</b>	<b>170.9</b>	<b>161.9</b>	<b>203.3</b>	<b>2.1%</b>	<b>87.2%</b>	<b>228.1</b>	<b>240.2</b>	<b>251.9</b>	<b>7.4%</b>	<b>93.9%</b>
Compensation of employees	80.0	86.0	93.8	101.1	8.1%	43.3%	124.1	130.8	137.8	10.9%	50.2%
Goods and services	110.8	84.8	68.0	102.2	-2.7%	43.9%	104.0	109.3	114.2	3.8%	43.7%
of which:											
Communication	3.6	4.4	4.8	4.3	5.9%	2.0%	4.1	4.4	4.6	2.6%	1.8%
Computer services	58.9	62.2	50.1	82.9	12.1%	30.5%	86.4	91.0	95.9	5.0%	36.2%
Operating leases	22.9	-	-	-	-100.0%	2.7%	-	-	-	-	-
Travel and subsistence	2.5	5.2	5.5	2.7	2.6%	1.9%	4.3	4.5	3.8	11.3%	1.6%
Interest and rent on land	0.2	-	-	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.9</b>	<b>117.3%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>
Households	0.1	0.1	0.1	0.9	117.3%	0.1%	-	-	-	-100.0%	0.1%
<b>Payments for capital assets</b>	<b>20.9</b>	<b>27.4</b>	<b>25.8</b>	<b>14.6</b>	<b>-11.2%</b>	<b>10.6%</b>	<b>17.1</b>	<b>13.5</b>	<b>14.2</b>	<b>-1.0%</b>	<b>6.0%</b>
Machinery and equipment	19.3	24.9	8.3	13.0	-12.4%	7.9%	12.6	13.5	14.2	3.0%	5.4%
Software and other intangible assets	1.6	2.5	17.5	1.6	0.4%	2.8%	4.5	-	-	-100.0%	0.6%
<b>Payments for financial assets</b>	<b>0.6</b>	<b>1.2</b>	<b>15.1</b>	<b>-</b>	<b>-100.0%</b>	<b>2.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>212.5</b>	<b>199.6</b>	<b>202.9</b>	<b>218.7</b>	<b>1.0%</b>	<b>100.0%</b>	<b>245.1</b>	<b>253.6</b>	<b>266.1</b>	<b>6.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>12.5%</b>	<b>5.4%</b>	<b>11.5%</b>	<b>12.6%</b>			<b>10.9%</b>	<b>11.6%</b>	<b>12.4%</b>		

## Personnel information

**Table 13.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit	Number	Cost	Unit	Number	Cost	Unit	Number	Cost	Unit	Number	Cost	Unit			
Statistical Support and Informatics		177	93.8	0.5	203	101.1	0.5	260	124.1	0.5	260	130.8	0.5	260	137.8	0.5	8.6%	100.0%	
Salary level	207	-																	
1 - 6	33	-	29	5.8	0.2	29	5.9	0.2	35	6.8	0.2	35	7.1	0.2	35	7.5	0.2	6.5%	13.6%
7 - 10	101	-	87	32.3	0.4	102	40.0	0.4	115	42.5	0.4	115	44.8	0.4	115	47.2	0.4	4.1%	45.5%
11 - 12	46	-	39	33.1	0.8	45	28.5	0.6	76	45.1	0.6	76	47.6	0.6	76	50.1	0.7	19.1%	27.8%
13 - 16	27	-	22	22.6	1.0	27	26.7	1.0	34	29.8	0.9	34	31.4	0.9	34	33.0	1.0	8.0%	13.1%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing IT infrastructure and support services to the department. This focus is reflected in spending on computer services and payments for capital assets within the *Data Management and Technology* subprogramme. The department aims to ensure uninterrupted network availability for users at all times and to maintain standard geographical frames within the *Geographical Frames* subprogramme. 500 000 dwelling points will be maintained across 45 municipalities in 2014/15, with another 500 000 planned for 2015/16. Expenditure related to the maintenance of geographical frames is projected to grow by 10.7 per cent between 2013/14 and 2016/17. In addition, the *Business Modernisation* subprogramme will develop an Android application that will ensure the modernisation of the statistical production systems used by the department. Spending will increase mainly on compensation of employees and goods and services over the medium term.

At the end of November 2013, the programme had 24 vacant posts. The filling of some of these posts was delayed following a labour dispute over the implementation of occupation specific dispensation for the geographic information system job category. Other posts are in the process of being filled. The number of permanent posts is expected to increase from 203 to 260 over the medium term. This increase is mainly as a result of the movement of the application and database development component.

Cabinet approved reductions of R143 000 in 2014/15, R143 000 in 2015/16 and R1.1 million in 2016/17 are to be effected on travel and subsistence. This will impact on the assignment of addresses to dwellings and the maintenance of place names.

Expenditure increased between 2010/11 and 2013/14 to accommodate for data management and technology services, the maintenance of a sample dwelling frame for the collection of social statistics, and support for Census 2011 and other surveys.

## Programme 6: Statistical Collection and Outreach

### Objectives

- Increase awareness and the use of official statistics by government and the public by:
  - reaching out to stakeholders and responding to user enquiries, improving accessibility and ease of use of statistical information, educating users and conducting publicity campaigns on an ongoing basis.
- Manage external and internal communications on statistical matters by issuing daily, weekly and monthly information updates through the media on an ongoing basis.
- Provide regular and integrated data collection services and disseminate quality statistics to provincial and local stakeholders and the public, by ensuring an average annual collection rate of 85 per cent.
- Ensure alignment with international standards, best practice and statistical skills development by increasing participation, sharing and learning in international statistical initiatives on an ongoing basis.

## Subprogrammes

- *Programme Management for Statistical Collection and Outreach* provides strategic direction and leadership for the programme. Key activities include managing the provincial and district offices, managing strategic communications and stakeholder relations, representing the organisation on international forums and maintaining relations with key partners in the national statistics system. This subprogramme had a staff complement of 7 in 2013/14.
- *International Statistical Development and Cooperation* manages relations with international statistical agencies, promotes statistical development in Africa and builds partnerships. Key activities in 2013/14 included providing leadership and technical support in the development of strategy documents, developing guidelines and tools for statistical development in Africa, hosting various international events and study tours and driving the Young African Statisticians programme. Key outputs in 2013/14 included the standards and guidelines document for the African Charter on Statistics, an assessment tool for statistical legislation in Africa, and a framework for the national strategies for the development of statistics in Africa, which was adopted by the coordinating committee for African statistical development. By the end of September 2013, the department had participated in continental initiatives in civil registration and vital statistics and preparations were under way for the ninth Africa Symposium on Statistical Development. This subprogramme had a staff complement of 20 posts in 2013/14.
- *Provincial and District Offices* is discussed in more detail below.
- *Stakeholder Relations and Marketing* maintains relations with stakeholders across the country. Key activities include marketing statistical products, educating and empowering stakeholders on the use of statistical products, handling user enquiries and conducting a stakeholder satisfaction survey. Key outputs in 2012/13 included responses to 3 838 user enquiries, the development and distribution of Census 2011 data and products, and more than 4 million visitor sessions and 1.3 million documents downloaded from StatsOnline. By the end of September 2013, 2 000 StatsOnline user enquiries had been responded to, 707 242 visitor sessions had been logged and 813 403 documents had been downloaded. In addition, 9 ISIBalo statistical development series had been hosted in the provinces. This subprogramme had a staff complement of 42 in 2013/14.
- *Corporate Communications* manages external and internal communications in the department. Key activities include managing internal communication of departmental activities, developing communication campaigns, advertising, liaising with the media, and implementing communication strategies for activities carried out by the department. Key outputs in 2012/13 relating to Census 2011 included the census results launch; the training of more than 100 media staff; and the development of new, informative and educational census products. By the end of September 2013, 126 StatsToday newsletters had been published and distributed along with weekly Pulse publications, a variety of press releases had been issued, and a number of press conferences had been hosted. This subprogramme had a staff complement of 20 in 2013/14.

## Expenditure estimates

**Table 13.17 Statistical Collection and Outreach**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2014/15	2015/16	2016/17			
R million											
Programme Management for Statistical Collection and Outreach	5.6	6.4	6.8	7.2	8.8%	1.5%	8.6	9.0	8.9	7.3%	1.6%
International Statistical Development and Cooperation	8.2	10.4	11.0	10.7	9.3%	2.3%	13.6	14.3	13.7	8.7%	2.5%
Provincial and District Offices	335.8	430.3	423.6	427.2	8.4%	90.7%	466.7	489.1	510.6	6.1%	89.2%
Stakeholder Relations and Marketing	15.1	15.5	16.5	17.7	5.4%	3.6%	19.1	20.1	21.1	6.0%	3.7%
Corporate Communications	6.4	8.2	8.7	12.1	23.7%	2.0%	16.6	17.5	18.2	14.4%	3.0%
<b>Total</b>	<b>371.0</b>	<b>470.7</b>	<b>466.6</b>	<b>474.9</b>	<b>8.6%</b>	<b>100.0%</b>	<b>524.5</b>	<b>550.1</b>	<b>572.4</b>	<b>6.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				3.6			24.6	21.1	15.4		

**Table 13.17 Statistical Collection and Outreach**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)			
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16	2016/17	2013/14 - 2016/17
	R million													
<b>Current payments</b>	<b>367.7</b>	<b>465.8</b>	<b>452.7</b>	<b>465.3</b>	<b>8.2%</b>	<b>98.2%</b>	<b>513.5</b>	<b>538.8</b>	<b>560.3</b>	<b>6.4%</b>	<b>97.9%</b>			
Compensation of employees	272.4	346.8	329.7	367.0	10.5%	73.8%	411.3	433.5	456.1	7.5%	78.6%			
Goods and services	95.1	119.0	123.0	98.3	1.1%	24.4%	102.2	105.3	104.2	2.0%	19.3%			
<i>of which:</i>														
Communication	9.8	17.4	14.0	11.9	6.8%	3.0%	13.4	13.9	14.7	7.3%	2.5%			
Computer services	0.0	-	-	0.1	60.5%	-	0.1	0.2	0.2	11.2%	-			
Operating leases	0.0	0.0	0.0	12.8	922.9%	0.7%	33.6	33.7	35.6	40.4%	5.5%			
Travel and subsistence	28.0	32.7	32.3	28.7	0.8%	6.8%	21.7	23.0	17.6	-15.1%	4.3%			
Interest and rent on land	0.2	-	-	-	-100.0%	-	-	-	-	-	-			
<b>Transfers and subsidies</b>	<b>0.3</b>	<b>0.7</b>	<b>1.9</b>	<b>0.4</b>	<b>8.3%</b>	<b>0.2%</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>-40.9%</b>	<b>-</b>			
Foreign governments and international organisations	-	-	0.7	-	-	-	-	-	-	-	-			
Households	0.3	0.7	1.2	0.4	8.3%	0.1%	0.1	0.1	0.1	-40.9%	-			
<b>Payments for capital assets</b>	<b>3.1</b>	<b>3.8</b>	<b>2.7</b>	<b>9.3</b>	<b>44.2%</b>	<b>1.1%</b>	<b>11.0</b>	<b>11.2</b>	<b>12.0</b>	<b>9.1%</b>	<b>2.0%</b>			
Machinery and equipment	3.1	3.8	2.7	9.3	44.2%	1.1%	11.0	11.2	12.0	9.1%	2.0%			
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.4</b>	<b>9.3</b>	<b>-</b>	<b>-100.0%</b>	<b>0.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Total</b>	<b>371.0</b>	<b>470.7</b>	<b>466.6</b>	<b>474.9</b>	<b>8.6%</b>	<b>100.0%</b>	<b>524.5</b>	<b>550.1</b>	<b>572.4</b>	<b>6.4%</b>	<b>100.0%</b>			
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>21.9%</b>	<b>12.8%</b>	<b>26.5%</b>	<b>27.3%</b>			<b>23.4%</b>	<b>25.2%</b>	<b>26.6%</b>					

**Details of selected transfers and subsidies**

Households											
Other transfers to households											
Current											
Employee social benefits	0.2	0.2	0.8	-	-100.0%	0.1%	0.1	0.1	0.1	-	-
Employee: Ex-gratia payment	-	-	0.0	-	-	-	0.1	0.1	0.1	-	-
Foreign governments and international organisations											
Current											
Institute de la National Statistique	-	-	0.7	-	-	-	-	-	-	-	-

**Personnel information****Table 13.18 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Statistical Collection and Outreach	Number of posts estimated for 31 March 2014	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2012/13		Unit	2013/14		Unit	2014/15		Unit	2015/16		Unit			2016/17		Unit
				Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost	
Salary level	1 163	-	-	1 078	329.7	0.3	1 225	357.9	0.3	1 511	411.3	0.3	1 511	433.5	0.3	1 511	456.1	0.3	7.2%	100.0%
1 - 6	594	-	-	581	7.6	0.0	640	116.8	0.2	908	134.4	0.1	908	143.8	0.2	908	151.7	0.2	12.4%	58.4%
7 - 10	367	-	-	321	195.2	0.6	383	117.4	0.3	387	130.8	0.3	387	135.6	0.4	387	142.3	0.4	0.3%	26.6%
11 - 12	155	-	-	135	16.4	0.1	155	85.7	0.6	167	101.9	0.6	167	107.4	0.6	167	113.0	0.7	2.5%	11.4%
13 - 16	47	-	-	41	110.5	2.7	47	38.1	0.8	49	44.3	0.9	49	46.7	1.0	49	49.1	1.0	1.4%	3.4%

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

2. Rand million.

**Expenditure trends**

The spending focus over the medium term will be on increasing the efficiency and effectiveness of survey operations by providing integrated data collection and dissemination services, and promoting the use and coordination of official statistics to provincial and local stakeholders. This focus is reflected in spending in the *Provincial and District Offices* subprogramme, mainly on compensation for employees.

Between 2010/11 and 2013/14, spending went towards the collection of 191 710 questionnaires with an average response rate of 89 per cent, the maintenance and updating of 1 784 primary sampling units for the spatial information frame, and the launch of the Census 2011 results in all provinces. Expenditure is set to continue to

grow at 6.4 per cent over the medium term to support the programme objectives. This increased spending will go to the remuneration of fieldworkers, the printing of questionnaires and courier services.

At the end of November 2013, the programme had 93 permanent vacant posts, the majority of which were in provincial offices. The number of permanent posts is expected to increase from 1 225 in 2013/14 to 1 511 over the medium term.

Cabinet approved budget reductions of R1 million in 2014/15, R1 million in 2015/16 and R7.8 million in 2016/17 are to be implemented on travel and subsistence. This is expected to impact negatively on centralised data collection. A finance committee has been established to oversee the acquisition of goods and services.

Between 2010/11 and 2012/13, the Census 2011 project necessitated the enhancement of data collection and publicity in relation to the census results. This accounts for the significant increase in expenditure, which was mainly on fleet services as a result of the decentralisation of fieldwork to the provincial offices. In addition, the department increased spending on advertising, travel and subsistence and communication to support the publication of the census results.

### Subprogramme: Provincial and District Offices

This subprogramme aims to increase the efficiency and effectiveness of survey operations by providing integrated data collection and dissemination services, as well as promoting the use and coordination of official statistics to provincial and local stakeholders. Key activities in 2012/13 included administering survey instruments, raising the profile and status of statistics at provincial and municipal levels, coordinating the Maths4Stats project, and providing training on the statistical quality assurance framework. Key activities for 2013/14 included conducting household surveys, maintaining the spatial information frame, disseminating statistical information and building statistical capacity. By the end of September 2013, approximately 114 032 questionnaires had been collected, 111 primary sampling units had been maintained, 9 South African statistical quality assessment framework training sessions had been held, 47 stakeholder workshops and 62 Maths4Stats training sessions had been conducted, 14 fact sheets and 3 indicator reports had been distributed, and statistical advice and technical support had been provided to 46 provincial departments and municipalities.

### Expenditure estimates

Table 13.19 Provincial and District Offices

Economic classification	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Current payments</b>	<b>332.9</b>	<b>426.7</b>	<b>410.7</b>	<b>417.9</b>	<b>7.9%</b>	<b>98.2%</b>	<b>456.0</b>	<b>478.2</b>	<b>498.9</b>	<b>6.1%</b>	<b>1692.6%</b>
Compensation of employees	248.7	318.3	298.5	332.9	10.2%	74.1%	369.6	389.6	410.3	7.2%	1373.9%
Goods and services	84.0	108.4	112.2	85.0	0.4%	24.1%	86.3	88.6	88.6	1.4%	318.7%
Interest and rent on land	0.2	–	–	–	-100.0%	–	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.6</b>	<b>1.1</b>	<b>0.3</b>	<b>52.8%</b>	<b>0.1%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>0.3%</b>
Households	0.1	0.6	1.1	0.3	52.8%	0.1%	–	–	–	-100.0%	0.3%
<b>Payments for capital assets</b>	<b>2.8</b>	<b>3.0</b>	<b>2.4</b>	<b>9.0</b>	<b>48.2%</b>	<b>1.1%</b>	<b>10.7</b>	<b>10.9</b>	<b>11.7</b>	<b>9.1%</b>	<b>38.7%</b>
Machinery and equipment	2.8	3.0	2.4	9.0	48.2%	1.1%	10.7	10.9	11.7	9.1%	38.7%
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.1</b>	<b>9.3</b>	<b>–</b>	<b>-100.0%</b>	<b>0.6%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>335.8</b>	<b>430.3</b>	<b>423.6</b>	<b>427.2</b>	<b>8.4%</b>	<b>100.0%</b>	<b>466.7</b>	<b>489.1</b>	<b>510.6</b>	<b>6.1%</b>	<b>1731.5%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>90.5%</b>	<b>91.4%</b>	<b>90.8%</b>	<b>90.0%</b>			<b>89.0%</b>	<b>88.9%</b>	<b>89.2%</b>		

## Personnel information

**Table 13.20 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost						
<b>Provincial and District Offices</b>																			
Salary level	1 270	–	1 059	298.5	0.3	1 059	324.3	0.3	1 410	369.6	0.3	1 410	389.6	0.3	1 410	410.3	0.3	10.0%	100.0%
1 – 6	744	–	617	110.5	0.2	617	112.4	0.2	879	131.7	0.1	879	138.3	0.2	879	145.1	0.2	12.5%	61.5%
7 – 10	351	–	298	87.0	0.3	298	108.3	0.4	355	120.4	0.3	355	127.1	0.4	355	134.1	0.4	6.0%	25.8%
11 – 12	139	–	110	71.1	0.6	110	73.0	0.7	140	85.7	0.6	140	90.5	0.6	140	95.5	0.7	8.4%	10.0%
13 – 16	36	–	34	29.9	0.9	34	30.6	0.9	36	31.9	0.9	36	33.7	0.9	36	35.5	1.0	1.9%	2.7%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on increasing the efficiency and effectiveness of survey operations by providing integrated data collection and dissemination services, as well as promoting the use and coordination of official statistics to provincial and local stakeholders. Spending is expected to increase by 6.1 per cent over the MTEF period due to the increased demand for statistical information in the household surveys. Using funds allocated over the medium term, the subprogramme will conduct 5 household surveys: the living conditions survey, quarterly labour force survey, victims of crime survey, general household survey and domestic tourism survey. It also aims to provide statistical support to national statistics system partners and develop educators by conducting 216 Maths4Stats workshops between 2014/15 and 2016/17. The increase in expenditure is as a result of the provision made for fieldworkers who will collect data for the living conditions survey. As a result, there is an increase in expenditure on goods and services over the medium term for travel and subsistence, operating payments and fleet services.

Expenditure in the subprogramme increased between 2010/11 and 2013/14, mainly due to support services for data collection for Census 2011, and the dissemination and promotion of the findings. Spending was mainly on compensation of employees and goods and services, such as travel and subsistence, communication, stationery and printing, and operating payments.

At the end of November 2013, the subprogramme had 76 vacant posts, mainly in the provincial offices, due to high staff turnover. District offices have limited posts as contract workers are normally used for the data collection activities that take place in these offices on a periodic basis. Over the medium term, the funded and filled establishment will grow to 1 410, which includes 250 contract posts and 25 employees transferred from different programmes to the *Provincial and District Offices* subprogramme. The 250 contract posts budgeted for salary level 2 are mainly for the periodic fieldwork done for all surveys.

## Programme 7: Survey Operations

### Objectives

- Increase the statistical information base for use by government, the private sector and the general public by conducting a population census and large scale population survey every 5 years or as determined by the Minister in the Presidency: National Planning Commission.
- Ensure the efficiency and effectiveness of survey operations conducted by the department by coordinating household survey operations with an average collection rate of 85 per cent on an annual basis.
- Improve the quality and timeliness of the editing and processing of statistical data by standardising the use of IT within the department on an ongoing basis over the medium term.

## Subprogrammes

- *Programme Management for Survey Operations* provides strategic direction and leadership to the programme. Key activities include driving the timely processing of census data, compiling a survey operations strategy, monitoring targets in the work programme and maintaining relations with key partners in the national statistics system. This subprogramme had a staff complement of 2 in 2013/14.
- *Census and Community Survey Operations* is discussed in more detail below.
- *Household Survey Operations* coordinates and integrates collection activities across surveys. Key activities include coordinating the maintenance of the master sample and data collection for household surveys (general household, quarterly labour force, domestic tourism, victims of crime, and other periodic surveys). In 2012/13, the collection of 195 282 questionnaires for household surveys and 1 848 primary sampling units for the master sample was coordinated. By the end of September 2013, 114 032 questionnaires had been collected. This subprogramme had a staff complement of 39 in 2013/14.
- *Corporate Data Processing* manages the editing and processing of data. Key activities include the processing of the master sample and household surveys. Key outputs in 2012/13 include the maintenance of 1 786 primary sampling units for the master sample and the processing of 603 985 questionnaires for the various surveys. By the end of September 2013, 9 837 primary sampling units for the master sample had been maintained and 652 469 questionnaires had been processed. This subprogramme had a staff complement of 224 in 2013/14.
- *Survey Coordination, Monitoring and Evaluation* monitors and assures the quality of field operations of household surveys and censuses. Key activities include the monitoring and evaluation of household surveys. A monitoring and evaluation report on Census 2011 was compiled in 2012/13 on both the census and post-enumeration survey operations. At the end of September 2013, monitoring and evaluation reports had been compiled on the victims of crime, and general household and national household travel surveys. This subprogramme had a staff complement of 30 in 2013/14.

## Expenditure estimates

**Table 13.21 Survey Operations**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Programme Management for Survey Operations	0.0	–	0.0	0.6	270.8%	–	13.4	14.1	14.6	188.0%	7.2%
Census and Community Survey Operations	348.7	2 184.1	196.6	47.8	-48.5%	87.7%	22.4	26.4	27.2	-17.1%	20.8%
Household Survey Operations	52.2	31.0	34.3	30.2	-16.7%	4.7%	27.2	22.7	23.8	-7.6%	17.4%
Corporate Data Processing	25.7	57.6	51.6	53.5	27.7%	6.0%	63.3	66.8	70.0	9.4%	42.5%
Survey Coordination, Monitoring and Evaluation	8.1	11.8	15.4	15.9	25.2%	1.6%	17.9	18.9	19.4	6.9%	12.1%
<b>Total</b>	<b>434.8</b>	<b>2 284.5</b>	<b>297.9</b>	<b>148.0</b>	<b>-30.2%</b>	<b>100.0%</b>	<b>144.3</b>	<b>148.9</b>	<b>155.1</b>	<b>1.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(27.9)			(33.2)	(39.1)	(43.0)		
<b>Current payments</b>	<b>406.8</b>	<b>2 189.0</b>	<b>287.0</b>	<b>146.5</b>	<b>-28.9%</b>	<b>95.7%</b>	<b>143.6</b>	<b>148.4</b>	<b>154.5</b>	<b>1.8%</b>	<b>99.4%</b>
Compensation of employees	188.7	358.9	181.3	123.0	-13.3%	26.9%	118.1	127.3	134.0	2.9%	84.2%
Goods and services	218.0	1 830.1	105.7	23.5	-52.4%	68.8%	25.5	21.1	20.4	-4.6%	15.2%
of which:											
Communication	4.2	17.7	8.8	2.2	-20.0%	1.0%	4.4	4.2	4.5	27.9%	2.6%
Computer services	16.9	21.5	7.9	0.7	-65.8%	1.5%	0.9	1.0	1.0	15.0%	0.6%
Operating leases	58.6	27.7	0.1	0.1	-87.0%	2.7%	0.0	–	0.0	-27.6%	–
Travel and subsistence	40.5	391.4	43.1	14.9	-28.4%	15.5%	10.7	7.4	6.0	-26.3%	6.5%
Interest and rent on land	0.1	–	–	–	-100.0%	–	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.6</b>	<b>10.3</b>	<b>5.2</b>	<b>1.0</b>	<b>20.2%</b>	<b>0.5%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>0.2%</b>
Households	0.6	10.3	5.2	1.0	20.2%	0.5%	–	–	–	-100.0%	0.2%
<b>Payments for capital assets</b>	<b>25.6</b>	<b>55.6</b>	<b>5.5</b>	<b>0.5</b>	<b>-73.1%</b>	<b>2.8%</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>8.3%</b>	<b>0.4%</b>
Machinery and equipment	25.6	55.6	5.5	0.5	-73.1%	2.8%	0.7	0.6	0.6	8.3%	0.4%
<b>Payments for financial assets</b>	<b>1.7</b>	<b>29.7</b>	<b>0.1</b>	<b>–</b>	<b>-100.0%</b>	<b>1.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>434.8</b>	<b>2 284.5</b>	<b>297.9</b>	<b>148.0</b>	<b>-30.2%</b>	<b>100.0%</b>	<b>144.3</b>	<b>148.9</b>	<b>155.1</b>	<b>1.6%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>25.7%</b>	<b>62.2%</b>	<b>16.9%</b>	<b>8.5%</b>			<b>6.4%</b>	<b>6.8%</b>	<b>7.2%</b>		

**Table 13.21 Survey Operations**

Details of selected transfers and subsidies											
R million	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
Households											
Social benefits											
Current	0.6	10.3	4.8	1.0	20.2%	0.5%	-	-	-	-100.0%	0.2%
Employee social benefits	0.5	10.3	4.8	1.0	27.8%	0.5%	-	-	-	-100.0%	0.2%
Claims against the state	0.1	-	-	-	-100.0%	-	-	-	-	-	-

## Personnel information

**Table 13.22 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment														Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)						
		2012/13		Unit	2013/14		Unit	2014/15		Unit	2015/16		Unit			2016/17		Unit	2013/14 - 2016/17		
Survey Operations		Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost		
Salary level	375	-	330	181.3	0.5	375	125.1	0.3	366	118.1	0.3	366	127.3	0.3	366	134.0	0.4	-0.8%	100.0%		
1 - 6	191	-	179	49.0	0.3	203	46.8	0.2	205	37.2	0.2	205	40.7	0.2	205	42.1	0.2	0.3%	55.5%		
7 - 10	113	-	91	75.6	0.8	125	47.4	0.4	118	46.3	0.4	118	48.4	0.4	118	51.8	0.4	-1.9%	32.5%		
11 - 12	47	-	41	37.7	0.9	42	26.4	0.6	36	27.1	0.8	36	29.2	0.8	36	30.6	0.8	-5.0%	10.2%		
13 - 16	24	-	19	19.1	1.0	5	4.5	0.9	7	7.5	1.1	7	9.1	1.3	7	9.5	1.4	11.9%	1.8%		

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on coordinating and integrating survey operations, and data processing to improve their efficiency and effectiveness. The coordination and integrated collection activities will mainly be undertaken across household surveys while the processing of data will be conducted across household surveys and administrative data. This approach is set to improve efficiency as spending on travel and subsistence, fleet services and advertising is expected to decrease over the medium term. Spending in the *Corporate Data Processing* subprogramme will increase significantly, mainly as a result of increased demand for data on mortality and causes of death.

At the end of November 2013, this programme had 37 vacant posts, most of which were survey statistician posts. These are expected to be filled by the end of 2013/14. The number of permanent posts is expected to decrease from 375 in 2013/14 to 366 over the medium term. This decrease is mainly as a result of internal restructuring, which will see positions open up at the provincial level. Cabinet approved budget reductions of R260 000 in 2014/15, R259 000 in 2015/16 and R2 million in 2016/17 are to be implemented on travel and subsistence. This will impact on the quality of monitoring and collection of surveys, such as the general household survey.

The declining expenditure between 2010/11 and 2013/14 is attributed to the finalisation of Census 2011 in October 2011, and the processing and dissemination of the results in October 2012. Spending is expected to decrease further over the medium term. The expenditure decline in this programme, mainly seen in the *Census and Community Survey Operations* subprogramme, is attributed to the decline in the activities related to the quality assurance of the Census 2011 results.

## Subprogramme: Census and Community Survey Operations

This subprogramme conducts periodic population censuses or large scale population surveys. Key activities in 2012/13 included driving and coordinating the processing activities of Census 2011. Key outputs in 2012/13 included 15.8 million Census 2011 questionnaires scanned and processed over 8 months. The census results were released in October 2012, a year after collection. A key activity in 2013/14 was the coordination of the planning of the next census or large scale population survey. By the end of September 2013, research had

been conducted on ICT methodology, field operations methodology, payment strategy, and data processing and sampling methodologies. This subprogramme had a staff complement of 182 in 2013/14.

## Expenditure estimates

**Table 13.23 Census and Community Survey Operations**

Economic classification	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13		2010/11	2013/14	2014/15	2015/16	2016/17		
R million											
<b>Current payments</b>	<b>323.5</b>	<b>2 093.1</b>	<b>186.4</b>	<b>46.7</b>	<b>-47.5%</b>	<b>95.4%</b>	<b>22.1</b>	<b>26.1</b>	<b>26.9</b>	<b>-16.8%</b>	<b>111.4%</b>
Compensation of employees	122.8	293.4	105.8	45.1	-28.4%	20.4%	16.5	20.3	21.3	-22.1%	94.3%
Goods and services	200.6	1 799.7	80.6	1.6	-79.9%	75.0%	5.6	5.9	5.6	50.7%	17.1%
Interest and rent on land	0.1	-	-	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>10.3</b>	<b>5.1</b>	<b>1.0</b>	<b>208.9%</b>	<b>0.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.9%</b>
Households	0.0	10.3	5.1	1.0	208.9%	0.6%	-	-	-	-100.0%	0.9%
<b>Payments for capital assets</b>	<b>24.7</b>	<b>53.9</b>	<b>4.9</b>	<b>0.0</b>	<b>-87.8%</b>	<b>3.0%</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>94.7%</b>	<b>0.9%</b>
Machinery and equipment	24.7	53.9	4.9	0.0	-87.8%	3.0%	0.3	0.3	0.3	94.7%	0.9%
<b>Payments for financial assets</b>	<b>0.5</b>	<b>26.9</b>	<b>0.1</b>	<b>-</b>	<b>-100.0%</b>	<b>1.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>348.7</b>	<b>2 184.1</b>	<b>196.6</b>	<b>47.8</b>	<b>-48.5%</b>	<b>100.0%</b>	<b>22.4</b>	<b>26.4</b>	<b>27.2</b>	<b>-17.1%</b>	<b>113.2%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>80.2%</b>	<b>95.6%</b>	<b>66.0%</b>	<b>32.3%</b>			<b>15.5%</b>	<b>17.8%</b>	<b>17.6%</b>		

## Personnel information

**Table 13.24 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
2012/13			2013/14			2014/15		2015/16		2016/17		2013/14 - 2016/17							
Census and Community Survey Operations			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	45	-	182	105.8	0.6	182	47.1	0.3	45	16.5	0.4	45	20.3	0.5	45	21.3	0.5	-37.2%	100.0%
1 - 6	8	-	64	54.7	0.9	64	15.8	0.2	9	1.5	0.2	9	1.8	0.2	9	1.9	0.2	-48.0%	28.7%
7 - 10	26	-	74	28.0	0.4	74	11.7	0.2	25	7.3	0.3	25	9.0	0.4	25	9.4	0.4	-30.4%	47.0%
11 - 12	6	-	34	13.7	0.4	34	13.0	0.4	6	3.5	0.6	6	4.3	0.7	6	4.5	0.7	-43.9%	16.4%
13 - 16	5	-	10	9.4	0.9	10	6.7	0.7	5	4.2	0.8	5	5.2	1.0	5	5.5	1.1	-20.6%	7.9%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on conducting periodic population censuses or large scale population surveys, such as the general household survey, quarterly labour force survey, domestic tourism survey, victims of crime survey and other periodic surveys.

At the end of November 2013, the subprogramme had 16 permanent vacant posts, most of which were survey statistician posts. Some of these posts are set to be filled by the end of 2013/14. The staff establishment is set to decrease from 182 posts to 45 posts over the medium term, mainly due to the periodic nature of survey activities and the movement of the project management office to the *Programme Management for Survey Operations* subprogramme.

Spending decreased significantly between 2010/11 and 2013/14 as a result of the finalisation of the census project in October 2011, as well as the dissemination of the results in October 2012, and is set to decrease further over the MTEF period as quality assurance activities relating to the census results wind down. The subprogramme had a staff complement of 182 posts in 2013/14.



# Vote 14

## Arts and Culture

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	228.3	220.9	–	7.4	239.8	253.6
Institutional Governance	99.8	75.7	24.1	–	104.7	110.6
Arts and Culture Promotion and Development	1 032.9	267.3	765.5	–	1 091.1	1 139.6
Heritage Promotion and Preservation	2 163.8	126.4	2 037.4	–	2 536.2	2 681.4
<b>Total expenditure estimates</b>	<b>3 524.7</b>	<b>690.3</b>	<b>2 827.1</b>	<b>7.4</b>	<b>3 971.8</b>	<b>4 185.2</b>
Executive authority	Minister of Arts and Culture					
Accounting officer	Director General of Arts and Culture					
Website address	<a href="http://www.dac.gov.za">www.dac.gov.za</a>					

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

### Aim

*Contribute to sustainable economic development and enhance job creation by preserving, protecting and developing South African arts, culture and heritage to sustain a socially cohesive and democratic nation.*

### Mandate

The Department of Arts and Culture derives its mandate from the following legislation:

- the Heraldry Act (1962)
- the Culture Promotion Act (1983)
- the National Archives and Record Service of South Africa Act (1996)
- the Legal Deposit Act (1997)
- the South African Geographical Names Council Act (1998)
- the Cultural Institutions Act (1998)
- the National Council for Library and Information Act (2001)
- the National Heritage Resources Act (1999)
- the Use of Official Languages Act (2012)

Broadly, this legislation mandates the department to:

- develop and promote arts and culture in South Africa and mainstream its role in social development
- develop and promote the official languages of South Africa and enhance the linguistic diversity of the country
- improve economic and other development opportunities for South African arts and culture nationally and globally through mutually beneficial partnerships, thereby ensuring the sustainability of the sector
- develop and monitor the implementation of policy, legislation and strategic direction for the identification, conservation and promotion of cultural heritage.

## Strategic goals

The department's strategic goals over the medium term are to:

- create 150 000 decent jobs in arts, culture and heritage by March 2016
- implement targeted programmes that are geared towards human capital development in the arts, culture and heritage sector by 2014
- enhance access by citizens and public institutions to accurate, reliable and timely information in their language of choice through the provision of archives, libraries and language services
- entrench linguistic diversity in a manner that facilitates equitable cultural expression by citizens and communities
- enhance the capacity of the sector through equitable and sustainable development, and the protection and preservation of arts, culture and heritage through policy development, legislative promulgation and implementation
- align public sector art, culture and heritage institutions around a shared vision, a common mandate, and strong governance and accountability.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide leadership, management and support functions of the department.

### Programme 2: Institutional Governance

**Purpose:** Coordinate and manage all cross-cutting functions of the department and its public entities and provide support and oversight to these public entities.

### Programme 3: Arts and Culture Promotion and Development

**Purpose:** Promote and develop arts, culture and languages.

### Programme 4: Heritage Promotion and Preservation

**Purpose:** Preserve and promote South African heritage, archival and heraldic heritage, and funding of libraries.

## Selected performance indicators

Table 14.1 Arts and Culture

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of community conversations held per year	Institutional Governance	Outcome 12b: An empowered, fair and inclusive citizenship	9	49	61 <sup>1</sup>	30	45	65	80
Number of artists placed in schools per year	Institutional Governance	Outcome 1: Improved quality of basic education	- <sup>2</sup>	- <sup>2</sup>	200	200	240	240	240
Number of cultural events supported per year	Arts and Culture Promotion and Development	Outcome 12b: An empowered, fair and inclusive citizenship	7	6	19	22	22	22	22
Number of jobs created in cultural events per year	Arts and Culture Promotion and Development	Outcome 4: Decent employment through inclusive economic growth	7 000	6 000	25 850	28 000	28 200	28 300	28 400
Number of language practice bursaries awarded per year	Arts and Culture Promotion and Development	Outcome 5: A skilled and capable workforce to support an inclusive growth path	312	342	555	336	320	320	320
Number of bursaries in heritage studies awarded per year	Heritage Promotion and Preservation		- <sup>3</sup>	31	65	106	120	125	135

Table 14.1 Arts and Culture

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of flagpoles installed at schools per year	Heritage Promotion and Preservation	Outcome 12b: An empowered, fair and inclusive citizenship	1 060	1 940	184	1 000	15 000	25 000	– <sup>4</sup>
Number of handheld flags distributed per year	Heritage Promotion and Preservation		400 000	100 000	100 000	100 000	200 000	100 000	100 000
Number of community libraries upgraded per year	Heritage Promotion and Preservation	Outcome 12b: An empowered, fair and inclusive citizenship	56	51	37	40	45	50	55
Number of new community libraries built per year	Heritage Promotion and Preservation	Outcome 1: Improved quality of basic education	10	13	14	16	17	18	19

1. This figure includes both pre- and post-summit engagements. The increase in 2012/13 was due to community conversations leading up to and after the 2012 National Social Cohesion Summit.

2. New indicator due to the implementation of the Mzansi golden economy strategy, hence no historical data.

3. New indicator; data only available from 2011/12.

4. All schools will have flagpoles and flags by the end of 2015/16.

## The national development plan

The national development plan emphasises the importance of arts and culture activities in nation building and social cohesion. According to the plan, heritage and culture are important for understanding the past, analysing the present and planning for the future. Art has the ability to facilitate dialogue, heal and restore pride, and deliver an imaginatively expressed critical representation of ourselves that challenges us all to do better. The department aims to integrate arts, culture, language and heritage into all spheres of national life and this will find expression in the revised draft White Paper on Arts, Culture and Heritage.

Dealing with the challenges of unemployment, poverty and inequality is critical to building social cohesion. In 2012, the department hosted the national summit on social cohesion resulting in 12 declarations, which will be followed-up in the 2014 report back summit. The second declaration is a recommendation to work towards the implementation of the national development plan as a long term vision.

The national development plan also mentions the potential contribution of cultural and creative industries to small business development, job creation, and urban development and renewal. In giving effect to these focal areas, the department has developed and adopted the Mzansi golden economy strategy. The primary objective of this strategy is to chart the role of the arts and culture sector in job creation and economic development. Under the leadership of the department, the quantification of the contribution of the arts and culture sector to economic development has begun and will continue into the medium term. This will be done through the development of an arts and culture observatory, which is responsible for the development of key indicators, collecting cultural statistics and analysing trends to allow global comparability, and using this information to inform future policy and resource allocation decisions. The observatory will also serve as a library for all reports pertaining to the sector.

In line with the plan's emphasis on the need to improve schooling and education and improve the quality of life in rural areas of South Africa, the department, together with the Department of Basic Education, will continue to make a tangible contribution to exposing learners to arts, culture and heritage over the medium term. Arts practitioners will be placed in schools to improve the teaching of arts. This will not only ensure that a substantial number of artists will be employed but will also expose learners to career opportunities in the arts, as well as develop audiences and consumers through exposure to and participation in the arts.

The building of arts, culture and heritage infrastructure such as libraries, heritage monuments and arts centres, in rural areas, will continue to be a priority of the department. Such infrastructure, apart from developing and investing in rural areas, will also create much needed jobs, with local residents being given opportunities to maintain infrastructure.

## Expenditure estimates

Table 14.2 Arts and Culture

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13			2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17			2013/14 - 2016/17
R million													
Administration	185.2	195.6	210.8	214.1	214.1	5.0%	8.0%	228.3	239.8	253.6	5.8%	6.5%	
Institutional Governance	55.3	61.1	89.0	98.8	98.8	21.3%	3.0%	99.8	104.7	110.6	3.8%	2.9%	
Arts and Culture Promotion and Development	713.7	736.8	813.5	898.1	888.5	7.6%	31.3%	1 032.9	1 091.1	1 139.6	8.6%	28.7%	
Heritage Promotion and Preservation	1 294.5	1 412.3	1 543.1	1 703.7	1 573.8	6.7%	57.7%	2 163.8	2 536.2	2 681.4	19.4%	61.9%	
<b>Total</b>	<b>2 248.8</b>	<b>2 405.8</b>	<b>2 656.5</b>	<b>2 914.8</b>	<b>2 775.3</b>	<b>7.3%</b>	<b>100.0%</b>	<b>3 524.7</b>	<b>3 971.8</b>	<b>4 185.2</b>	<b>14.7%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				-	(139.5)			(3.4)	(3.5)	(3.7)			

## Economic classification

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17				
<b>Current payments</b>	<b>361.2</b>	<b>413.2</b>	<b>486.2</b>	<b>677.9</b>	<b>665.9</b>	<b>22.6%</b>	<b>19.1%</b>	<b>690.3</b>	<b>722.3</b>	<b>775.6</b>	<b>5.2%</b>	<b>19.7%</b>
Compensation of employees	152.8	163.7	172.7	196.4	193.9	8.3%	6.8%	209.9	223.0	237.9	7.0%	6.0%
Goods and services	208.4	249.5	313.5	481.6	472.0	31.3%	12.3%	480.4	499.4	537.7	4.4%	13.8%
<i>of which:</i>												
Contractors	29.0	39.3	61.0	26.2	26.2	-3.3%	1.5%	43.9	46.0	48.4	22.7%	1.1%
Agency and support / outsourced services	23.9	45.0	71.6	252.2	242.5	116.6%	3.8%	238.3	246.0	271.1	3.8%	6.9%
Operating leases	41.7	30.8	48.3	69.5	69.5	18.6%	1.9%	73.8	77.2	81.3	5.3%	2.1%
Travel and subsistence	41.5	40.7	54.1	48.0	48.0	5.0%	1.8%	37.5	39.8	41.8	-4.5%	1.2%
<b>Transfers and subsidies</b>	<b>1 885.2</b>	<b>1 989.0</b>	<b>2 164.8</b>	<b>2 229.9</b>	<b>2 102.4</b>	<b>3.7%</b>	<b>80.7%</b>	<b>2 827.1</b>	<b>3 241.8</b>	<b>3 401.5</b>	<b>17.4%</b>	<b>80.0%</b>
Provinces and municipalities	462.4	569.9	564.6	597.8	597.8	8.9%	21.8%	1 016.2	1 340.6	1 411.6	33.2%	30.2%
Departmental agencies and accounts	1 235.6	1 247.8	1 429.6	1 535.9	1 408.4	4.5%	52.8%	1 643.4	1 724.0	1 816.0	8.8%	45.6%
Higher education institutions	5.0	4.0	4.0	4.0	4.0	-7.2%	0.2%	12.5	14.2	14.5	53.4%	0.3%
Foreign governments and international organisations	2.0	2.8	3.8	1.8	1.8	-3.3%	0.1%	3.0	3.2	3.4	23.6%	0.1%
Public corporations and private enterprises	-	-	-	-	-	-	-	2.4	2.5	2.5	-	0.1%
Non-profit institutions	11.3	12.3	12.9	38.5	38.5	50.5%	0.7%	121.9	129.2	123.6	47.5%	2.9%
Households	168.8	152.2	149.9	51.8	51.8	-32.5%	5.2%	27.7	28.1	29.9	-16.8%	1.0%
<b>Payments for capital assets</b>	<b>2.2</b>	<b>3.6</b>	<b>5.3</b>	<b>7.0</b>	<b>7.0</b>	<b>46.8%</b>	<b>0.2%</b>	<b>7.4</b>	<b>7.7</b>	<b>8.1</b>	<b>5.3%</b>	<b>0.2%</b>
Buildings and other fixed structures	0.1	0.1	-	-	-	-100.0%	0.0%	-	-	-	-	-
Machinery and equipment	2.1	3.3	5.1	7.0	7.0	49.8%	0.2%	7.4	7.7	8.1	5.3%	0.2%
Heritage assets	0.0	0.2	0.0	-	-	-100.0%	0.0%	-	-	-	-	-
Software and other intangible assets	-	-	0.2	-	-	-	0.0%	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2 248.8</b>	<b>2 405.8</b>	<b>2 656.5</b>	<b>2 914.8</b>	<b>2 775.3</b>	<b>7.3%</b>	<b>100.0%</b>	<b>3 524.7</b>	<b>3 971.8</b>	<b>4 185.2</b>	<b>14.7%</b>	<b>100.0%</b>

## Personnel information

Table 14.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
<b>Arts and Culture</b>																			
<b>Salary level</b>	<b>500</b>	<b>80</b>	<b>473</b>	<b>172.7</b>	<b>0.4</b>	<b>507</b>	<b>193.9</b>	<b>0.4</b>	<b>471</b>	<b>209.9</b>	<b>0.4</b>	<b>474</b>	<b>223.0</b>	<b>0.5</b>	<b>474</b>	<b>237.9</b>	<b>0.5</b>	<b>-2.2%</b>	<b>100.0%</b>
1 - 6	108	25	113	15.6	0.1	133	20.5	0.2	98	17.2	0.2	98	18.3	0.2	98	19.2	0.2	-9.7%	22.2%
7 - 10	235	3	210	56.5	0.3	219	64.2	0.3	215	69.7	0.3	218	75.0	0.3	218	80.5	0.4	-0.2%	45.2%
11 - 12	94	-	92	47.7	0.5	94	52.1	0.6	94	57.2	0.6	94	59.7	0.6	94	62.6	0.7	-	19.5%
13 - 16	63	4	56	45.8	0.8	59	50.5	0.9	62	57.4	0.9	62	59.6	1.0	62	63.1	1.0	1.7%	12.7%
Other	-	48	2	7.1	3.5	2	6.6	3.3	2	8.4	4.2	2	10.3	5.1	2	12.4	6.2	-	0.4%

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

2. Rand million.

## Expenditure trends

Together with the cultural and creative industries sector, the department is committed to ensuring that the arts sector contributes to inclusive economic growth and social cohesion. Therefore, the department's spending focus over the medium term will be on implementing the Mzansi golden economy and the national social cohesion strategies through the *Institutional Governance* and *Arts and Culture Promotion and Development* programmes. Access to community library services will be broadened through the *Heritage Promotion and Preservation* programme's funding of a recapitalisation programme that provides and enhances community library infrastructure, facilities and services.

Over the medium term, spending in the *Heritage Promotion and Preservation* programme in particular is expected to use a significant proportion of the department's allocation and is projected to grow significantly. This is due to the transfers of the community library services' conditional grant to provinces, which received additional allocations in the 2013 budget, and transfers to heritage institutions, particularly for new capital works projects. The transfers for capital works projects are mainly for legacy projects under construction, including the Sarah Baartman Centre for Remembrance, the memorial site for JL Dube and the memorial site for OR Tambo.

Cabinet approved budget reductions of R10.6 million over the medium term have been effected mainly in spending on Mzansi golden economy strategy projects, which reduced spending on goods and services by R7.6 million over the period, and the transfer to the National Arts Council of South Africa, which was reduced by R3 million over the period due to slow spending.

The department had a funded establishment of 500 posts and 80 posts were additional to the establishment. As at 30 November 2013, 507 were filled. In addition to permanently employed staff, the department also appointed 23 interns in August 2013 and 36 contract workers, who are mainly employed to do clerical work in the ministry and are paid from the budget allocated to spending on compensation of employees.

### Infrastructure spending

In addition to the normal refurbishments, restorations, upgrades and maintenance projects at museums and playhouses, the department began the construction of a number of presidential projects categorised as legacy projects. These legacy projects have increased capital spending from R281 million in 2010/11 to R475.5 million in 2012/13, mainly driven by the construction and completion of the Ncome Museum in KwaZulu-Natal and the monument to commemorate the Matola Raid in Mozambique. Infrastructure spending on legacy projects is expected to increase from R71.2 million in 2013/14 to R82.1 million in 2016/17 as new construction projects begin, including the construction of the Sarah Baartman Centre for Remembrance, the memorial site for JL Dube and the memorial site for OR Tambo. A number of small projects on upgrading, restoration and maintenance of existing museums, performing arts institutions, archive and library buildings are also under way, at an estimated total cost of R1.2 billion over the medium term.

## Departmental receipts

Table 14.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16			2016/17
R thousand													
Departmental receipts	2 087	1 001	1 856	1 769	2 426	5.1%	100.0%	2 550	2 675	2 686	3.5%	100.0%	
Sales of goods and services produced by department	206	263	408	269	269	9.3%	15.5%	305	329	335	7.6%	12.0%	
Sales by market establishments	12	13	23	15	15	7.7%	0.9%	17	17	17	4.3%	0.6%	
of which:													
Rental parking: Covered and open	12	13	23	15	15	7.7%	0.9%	17	17	17	4.3%	0.6%	
Administration fees	6	2	5	7	7	5.3%	0.3%	8	8	8	4.6%	0.3%	
of which:													
Access to information act	5	2	4	5	5	-	0.2%	6	6	6	6.3%	0.2%	
Duplicate certificates	1	-	1	2	2	26.0%	0.1%	2	2	2	-	0.1%	

Table 14.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)		Medium-term receipts estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14	Receipt/ total: Average (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17
Other sales	188	248	380	247	247	9.5%	14.4%	280	304	310	7.9%	11.0%
<i>of which:</i>												
Coat of arms	93	145	209	120	120	8.9%	7.7%	137	147	157	9.4%	5.4%
Photocopy and faxes	33	86	80	50	50	14.9%	3.4%	56	60	53	2.0%	2.1%
Commission on insurance and gamishees	61	16	89	75	75	7.1%	3.3%	85	96	99	9.7%	3.4%
Traffic fines	1	1	2	2	2	26.0%	0.1%	2	1	1	-20.6%	0.1%
Sales of scrap, waste, arms and other used current goods	1	-	1	1	1	-	-	1	1	1	-	-
<i>of which:</i>												
Waste paper	1	-	1	1	1	-	-	1	1	1	-	-
Fines, penalties and forfeits	2	1	-	-	-	-100.0%	-	-	-	-	-	-
Interest, dividends and rent on land	4	10	10	10	12	44.2%	0.5%	14	14	14	5.3%	0.5%
Interest	4	10	10	10	12	44.2%	0.5%	14	14	14	5.3%	0.5%
Transactions in financial assets and liabilities	1 874	727	1 437	1 489	2 144	4.6%	83.9%	2 230	2 331	2 336	2.9%	87.5%
<b>Total</b>	<b>2 087</b>	<b>1 001</b>	<b>1 856</b>	<b>1 769</b>	<b>2 426</b>	<b>5.1%</b>	<b>100.0%</b>	<b>2 550</b>	<b>2 675</b>	<b>2 686</b>	<b>3.5%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 14.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)		
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	Expenditure/ total: Average (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17	Expenditure/ total: Average (%)
R million												
Ministry	3.2	3.5	3.7	3.9	6.1%	1.8%	4.1	4.3	4.6	5.7%	1.8%	
Management	40.1	41.7	49.4	43.4	2.6%	21.7%	45.8	48.2	51.1	5.6%	20.1%	
Corporate Services	58.7	66.8	67.5	64.7	3.3%	32.0%	70.1	73.8	78.3	6.6%	30.7%	
Office of the Chief Financial Officer	23.8	25.4	24.5	20.6	-4.7%	11.7%	21.7	23.0	24.4	5.8%	9.6%	
Office Accommodation	59.4	58.2	65.7	81.6	11.2%	32.9%	86.5	90.5	95.3	5.3%	37.8%	
<b>Total</b>	<b>185.2</b>	<b>195.6</b>	<b>210.8</b>	<b>214.1</b>	<b>5.0%</b>	<b>100.0%</b>	<b>228.3</b>	<b>239.8</b>	<b>253.6</b>	<b>5.8%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate												

#### Economic classification

<b>Current payments</b>	<b>182.8</b>	<b>190.5</b>	<b>205.2</b>	<b>207.2</b>	<b>4.3%</b>	<b>97.5%</b>	<b>220.9</b>	<b>232.1</b>	<b>245.5</b>	<b>5.8%</b>	<b>96.8%</b>
Compensation of employees	59.3	63.8	71.8	77.2	9.2%	33.8%	81.6	86.6	92.4	6.2%	36.1%
Goods and services	123.5	126.7	133.4	130.0	1.7%	63.7%	139.3	145.5	153.0	5.6%	60.7%
<i>of which:</i>											
Contractors	4.0	11.5	3.1	0.0	-80.2%	2.3%	1.3	1.3	1.4	254.9%	0.4%
Agency and support / outsourced services	14.2	7.5	15.6	2.5	-44.2%	4.9%	8.3	8.6	9.1	54.2%	3.0%
Operating leases	41.7	30.6	48.3	66.7	17.0%	23.2%	71.3	74.6	78.5	5.6%	31.1%
Travel and subsistence	15.1	16.2	20.1	16.2	2.2%	8.4%	8.7	9.3	9.6	-15.8%	4.7%
<b>Transfers and subsidies</b>	<b>0.3</b>	<b>1.5</b>	<b>0.2</b>	<b>-</b>	<b>-100.0%</b>	<b>0.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Departmental agencies and accounts	0.2	0.2	0.0	-	-100.0%	-	-	-	-	-	-
Households	0.1	1.3	0.2	-	-100.0%	0.2%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>2.1</b>	<b>3.5</b>	<b>5.3</b>	<b>7.0</b>	<b>49.5%</b>	<b>2.2%</b>	<b>7.4</b>	<b>7.7</b>	<b>8.1</b>	<b>5.3%</b>	<b>3.2%</b>
Machinery and equipment	2.1	3.3	5.1	7.0	49.8%	2.2%	7.4	7.7	8.1	5.3%	3.2%
Heritage assets	0.0	0.2	0.0	-	-100.0%	-	-	-	-	-	-
Software and other intangible assets	-	-	0.2	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>185.2</b>	<b>195.6</b>	<b>210.8</b>	<b>214.1</b>	<b>5.0%</b>	<b>100.0%</b>	<b>228.3</b>	<b>239.8</b>	<b>253.6</b>	<b>5.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>8.2%</b>	<b>8.1%</b>	<b>7.9%</b>	<b>7.3%</b>			<b>6.5%</b>	<b>6.0%</b>	<b>6.1%</b>		

## Personnel information

Table 14.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
Administration																			
Salary level	196	69	184	71.8	0.4	212	77.2	0.4	174	81.6	0.5	175	86.6	0.5	175	92.4	0.5	-6.2%	100.0%
1 – 6	42	15	49	6.3	0.1	69	9.1	0.1	34	5.3	0.2	34	5.5	0.2	34	5.8	0.2	-21.0%	23.2%
7 – 10	89	2	72	19.1	0.3	81	22.3	0.3	76	23.2	0.3	77	24.4	0.3	77	25.9	0.3	-1.7%	42.3%
11 – 12	35	–	34	18.1	0.5	35	19.5	0.6	35	21.1	0.6	35	21.8	0.6	35	22.5	0.6	–	19.0%
13 – 16	30	4	27	22.7	0.8	25	21.5	0.9	27	25.4	0.9	27	26.7	1.0	27	28.1	1.0	2.6%	14.4%
Other	–	48	2	5.6	2.8	2	4.8	2.4	2	6.5	3.2	2	8.2	4.1	2	10.2	5.1	–	1.1%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on centralising security services for the effective management of the contract, improving the department's technology platform, providing for the overall management and administration of the department, and seeing to the department's office space needs. These functions are carried out by the *Management, Corporate Services* and *Office Accommodation* subprogrammes, which explains the significant proportion of the department's budget taken up by these programmes over the medium term. The bulk of the *Corporate Services* subprogramme spending over the medium term will be on computer services, property payments and agency and support/outsourced services.

Spending in the *Office Accommodation* subprogramme grew significantly between 2010/11 and 2013/14 due to rental increases in office accommodation leases. In improving the department's technology platform, over the same period, spending on machinery and equipment increased by 49.8 per cent due to the replacement of obsolete computers, and the procurement of servers and storage. Spending on agency and outsourced services fluctuates between 2010/11 and 2013/14 due to increased internal audit and IT services costs in 2010/11 and 2012/13, with spending on this item growing substantially over the medium term due to the outsourcing of ICT and internal audit services. Spending on computer services is also expected to grow at an average of 43.5 per cent over the medium term, mainly due to increased State Information Technology Agency data line and user charges.

At the end of November 2013, this programme had 212 filled posts, of which 59 were additional posts; and 43 posts were vacant because the department is unable to find suitable candidates. The vacant posts are in the process of being filled.

## Programme 2: Institutional Governance

### Objectives

- Develop, manage and maintain arts, culture and heritage infrastructure by:
  - annually developing and implementing a user asset management plan for the department
  - increasing the number of infrastructure oversight visits conducted from 29 visits in 2013/14 to 40 in 2014/15.
- Strengthen the institutional governance of arts and culture public entities by:
  - increasing the number of councils and boards that are fully constituted from 92 per cent in 2013/14 to 100 per cent in 2014/15
  - signing shareholder compacts with 26 arts and culture public entities annually
  - increasing the number of site visits conducted from 25 in 2013/14 to 28 in 2014/15.

- Coordinate and manage monitoring and evaluation within the department and across its public entities through:
  - the development of a comprehensive three-year rolling monitoring and evaluation plan by March 2014
  - annually receiving, analysing and tabling all 104 quarterly reports and annual reports for all 26 arts and culture public entities for 2013/14, as well as those of the department.
- Build and strengthen continental and international relations for the promotion and development of South African arts, culture and heritage through the servicing of cultural agreements, by increasing the number of events participated in from 20 in 2013/14 to 25 in 2014/2015.

## Subprogrammes

- *International Co-operation* assists in building continental and international relations for the promotion and development of South African arts, culture and heritage. The department will continue to participate in cultural season exchanges with other countries. Only 1 cultural season per year was hosted in 2012/13 and 2013/14, but 2 per year are planned from 2014/15. This subprogramme had a staff complement of 25 in 2013/14.
- *Social Cohesion and Nation Building* is discussed in more detail below.
- *Coordination, Monitoring, Evaluation and Good Governance* provides sector wide monitoring and evaluation, and coordinates institutional development and governance for arts and culture public entities. In 2013/14, shareholder compacts between the Minister of Arts and Culture and the chairpersons of all 26 public entities were signed. This subprogramme had a staff complement of 21 in 2013/14.

## Expenditure estimates

**Table 14.7 Institutional Governance**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
International Co-operation	28.4	25.2	31.4	39.4	11.6%	40.9%	41.8	43.9	46.4	5.6%	41.4%
Social Cohesion and Nation Building	20.2	27.7	49.2	49.5	34.7%	48.2%	47.8	50.1	52.8	2.2%	48.4%
Coordination, Monitoring, Evaluation and Good Governance	6.8	8.2	8.4	9.9	13.6%	10.9%	10.2	10.8	11.4	4.9%	10.2%
<b>Total</b>	<b>55.3</b>	<b>61.1</b>	<b>89.0</b>	<b>98.8</b>	<b>21.3%</b>	<b>100.0%</b>	<b>99.8</b>	<b>104.7</b>	<b>110.6</b>	<b>3.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			-	-	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>45.1</b>	<b>46.9</b>	<b>67.9</b>	<b>72.1</b>	<b>16.9%</b>	<b>76.2%</b>	<b>75.7</b>	<b>79.5</b>	<b>84.1</b>	<b>5.3%</b>	<b>75.2%</b>
Compensation of employees	17.7	19.2	20.6	26.4	14.3%	27.6%	28.4	30.1	32.0	6.7%	28.2%
Goods and services	27.4	27.7	47.3	45.7	18.6%	48.7%	47.3	49.4	52.1	4.4%	47.0%
of which:											
Contractors	8.1	5.8	20.4	9.7	6.2%	14.5%	10.3	10.8	11.4	5.3%	10.2%
Agency and support / outsourced services	2.0	5.9	9.3	8.8	63.8%	8.6%	14.1	14.7	15.5	20.7%	12.8%
Operating leases	-	-	-	1.3	-	0.4%	0.9	0.9	1.0	-8.9%	1.0%
Travel and subsistence	12.9	8.7	9.9	13.0	0.5%	14.6%	13.2	13.8	14.5	3.6%	13.2%
<b>Transfers and subsidies</b>	<b>10.3</b>	<b>14.2</b>	<b>21.1</b>	<b>26.8</b>	<b>37.5%</b>	<b>23.8%</b>	<b>24.1</b>	<b>25.2</b>	<b>26.6</b>	<b>-0.2%</b>	<b>24.8%</b>
Departmental agencies and accounts	0.1	0.0	-	-	-100.0%	-	-	-	-	-	-
Foreign governments and international organisations	2.0	2.8	3.8	1.8	-3.3%	3.4%	1.9	2.0	2.1	5.3%	1.9%
Non-profit institutions	-	-	-	25.0	-	8.2%	21.7	22.7	24.0	-1.3%	22.6%
Households	8.2	11.4	17.3	-	-100.0%	12.1%	0.5	0.5	0.5	-	0.4%
<b>Total</b>	<b>55.3</b>	<b>61.1</b>	<b>89.0</b>	<b>98.8</b>	<b>21.3%</b>	<b>100.0%</b>	<b>99.8</b>	<b>104.7</b>	<b>110.6</b>	<b>3.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>2.5%</b>	<b>2.5%</b>	<b>3.4%</b>	<b>3.4%</b>			<b>2.8%</b>	<b>2.6%</b>	<b>2.6%</b>		

**Table 14.7 Institutional Governance**

Details of selected transfers and subsidies			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)		
Audited outcome				2010/11 - 2013/14	Expenditure/total: Average (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17	Expenditure/total: Average (%)	
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17	
<b>Foreign governments and international organisations</b>											
<b>Current</b>	2.0	2.8	3.8	1.8	-3.3%	3.4%	1.9	2.0	2.1	5.3%	1.9%
International promotion programme	2.0	2.8	3.8	1.8	-3.3%	3.4%	1.9	2.0	2.1	5.3%	1.9%
<b>Non-profit institutions</b>											
<b>Current</b>	-	-	-	25.0	-	8.2%	21.7	22.7	24.0	-1.3%	22.6%
Arts social development and youth	-	-	-	25.0	-	8.2%	21.7	22.7	24.0	-1.3%	22.6%
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	8.2	11.4	17.3	-	-100.0%	12.1%	0.5	0.5	0.5	-	0.4%
Arts social development and youth	8.2	11.0	17.3	-	-100.0%	12.0%	0.5	0.5	0.5	-	0.4%
Employee social benefits	-	0.4	0.0	-	-	0.1%	-	-	-	-	-

## Personnel information

**Table 14.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17	2013/14 - 2016/17	
<b>Institutional Governance</b>																			
<b>Salary level</b>	55	-	46	20.6	0.4	51	26.4	0.5	52	28.4	0.5	54	30.1	0.6	54	32.0	0.6	1.9%	100.0%
7 – 10	23	-	18	3.9	0.2	18	4.4	0.2	19	4.7	0.2	21	5.8	0.3	21	6.0	0.3	5.3%	37.4%
11 – 12	20	-	18	8.8	0.5	19	9.9	0.5	19	10.8	0.6	19	11.1	0.6	19	11.9	0.6	-	36.0%
13 – 16	12	-	10	7.6	0.8	14	11.7	0.8	14	12.5	0.9	14	12.7	0.9	14	13.7	1.0	-	26.5%
Other	-	-	-	0.3	-	-	0.4	-	-	0.4	-	-	0.4	-	-	0.5	-	-	-

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on coordinating and managing all cross-cutting functions of the department and its institutions. These functions include implementing the national social cohesion strategy, providing support and oversight to public entities, and building continental and international relations for the promotion of South African arts and culture. The increase in spending in the *International Co-operation* subprogramme between 2010/11 and 2013/14 was due to the establishment of new partnerships with other countries, with the department hosting and participating in cultural seasons and multilateral and regional forums. A cultural season's programme was introduced with China and the United Kingdom in 2013/14, which will continue into 2014/15 and 2015/16. Due to the success of the season's programme, this programme will be expanded further over the medium term with the department planning to attend and participate in 4 regional forums and 3 cultural seasons.

The strong growth in spending in the *Coordination, Monitoring, Evaluation and Good Governance* subprogramme between 2010/11 and 2013/14 was driven by the filling of 5 priority management posts, as well as increased travel, in order to strengthen the department's monitoring and evaluation of infrastructure projects. The department conducted 29 oversight visits in 2013/14 and these will be increased to 40 oversight visits in 2014/15, with the number of oversight visits remaining constant over the medium term. Filling of posts in this programme also accounts for the strong growth in spending on compensation of employees and goods and services during this period. The number of personnel is expected to increase from 51 in 2013/14 to 54 by 2016/17, mainly due to the filling of critical vacant posts.

## Subprogramme: Social Cohesion and Nation Building

This subprogramme is responsible for the implementation of the national social cohesion strategy and the mainstreaming of targeted groups in arts, culture and heritage, including arts and culture in schools. Following

Cabinet approval of this strategy, the National Social Cohesion Summit was held in 2012/13 in Kliptown, Soweto, with the aim of affording citizens and sectors of society the opportunity to contribute to the implementation of a practical programme. Social cohesion advocates were appointed in 2013/14 as ambassadors to promote the ideals of social cohesion and nation building and the promotion and advancement of the national social cohesion implementation framework. The department planned 30 community conversations for 2013/14, and will hold a report back summit in 2014/15. In collaboration with the Department of Basic Education, the department will be placing artists in schools and rolling out other collaborative programmes, with the aim of mainstreaming arts and culture to support career choices in the arts. The target is to increase the number of artists placed in schools from 200 in 2013/14 to 240 in 2014/15. This subprogramme had 14 staff in 2013/14, and this number is set to decrease to 11 over the medium term, due to the sharing of secretarial services.

## Expenditure estimates

**Table 14.9 Social Cohesion and Nation Building**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Current payments</b>	<b>12.0</b>	<b>16.7</b>	<b>31.9</b>	<b>24.5</b>	<b>26.8%</b>	<b>58.1%</b>	<b>25.6</b>	<b>26.8</b>	<b>28.3</b>	<b>4.9%</b>	<b>52.6%</b>
Compensation of employees	3.8	4.1	4.5	5.7	14.5%	12.3%	6.0	6.4	6.7	5.8%	12.4%
Goods and services	8.2	12.6	27.4	18.8	31.7%	45.8%	19.6	20.5	21.6	4.6%	40.2%
of which:											
Contractors	3.9	3.7	16.9	6.6	18.9%	21.2%	6.9	7.2	7.6	5.0%	14.2%
Agency and support / outsourced services	1.5	5.7	4.6	0.0	-72.7%	8.1%	4.9	5.2	5.4	466.0%	7.8%
Operating leases	-	-	-	0.4	-	0.3%	0.2	0.2	0.2	-20.1%	0.5%
Travel and subsistence	0.5	0.8	2.3	2.4	67.0%	4.1%	2.9	3.0	3.2	9.4%	5.8%
<b>Transfers and subsidies</b>	<b>8.2</b>	<b>11.0</b>	<b>17.3</b>	<b>25.0</b>	<b>45.0%</b>	<b>41.9%</b>	<b>22.2</b>	<b>23.2</b>	<b>24.5</b>	<b>-0.6%</b>	<b>47.4%</b>
Non-profit institutions	-	-	-	25.0	-	17.0%	21.7	22.7	24.0	-1.3%	46.7%
Households	8.2	11.0	17.3	-	-100.0%	24.9%	0.5	0.5	0.5	-	0.7%
<b>Total</b>	<b>20.2</b>	<b>27.7</b>	<b>49.2</b>	<b>49.5</b>	<b>34.7%</b>	<b>100.0%</b>	<b>47.8</b>	<b>50.1</b>	<b>52.8</b>	<b>2.2%</b>	<b>100.0%</b>
Proportion of total subprogramme expenditure to programme expenditure	36.5%	45.3%	55.3%	50.1%			47.9%	47.8%	47.7%		

## Personnel information

**Table 14.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Social Cohesion and Nation Building	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
Salary level	14	-	10	4.5	0.5	14	5.7	0.4	11	6.0	0.6	11	6.4	0.6	11	6.7	0.6	-7.7%	100.0%
7 - 10	5	-	2	0.3	0.1	5	0.8	0.2	2	0.4	0.2	2	0.3	0.2	2	0.4	0.2	-26.3%	23.4%
11 - 12	5	-	5	2.1	0.4	6	2.7	0.5	5	2.6	0.5	5	2.8	0.6	5	2.8	0.6	-5.9%	44.7%
13 - 16	4	-	3	2.1	0.7	3	2.2	0.8	4	3.0	0.8	4	3.3	0.8	4	3.5	0.9	10.1%	31.9%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on implementing the national social cohesion strategy through the hosting of national social cohesion summits, the promotion, and advancement of the national social cohesion implementation framework, the holding of community conversations/dialogues, and the funding of projects that support arts, social development, and youth. The bulk of this subprogramme's budget over the medium term is consumed by transfers to non-profit institutions for the rollout of arts, social development and youth projects. The department supported 12 arts, social development, and youth projects in 2012/13, which decreases to 11 projects supported by 2016/17, based on available funding. A community conversation is a structured civil discourse aimed at providing a safe space in which people come together for thoughtful

discussion and dialogue about shared past, present, and future values. This also accounts for the 67 per cent growth in spending on travel and subsistence between 2010/11 and 2013/14.

The significant growth in spending in this subprogramme, between 2010/11 and 2013/14, is attributed to spending on goods and services, which was driven by the hosting of the National Social Cohesion Summit in July 2012. The department plans to host a social cohesion report back summit towards the end of 2014, with the aim of tracing and gauging progress on the implementation of the 2012 summit's resolutions. The increases in spending on contractors between 2010/11 and 2013/14, and on agency and support/outsourced service fees over the medium term, were due to the appointment of service providers to produce and distribute to citizens a social cohesion manual and toolkit on how to implement the summit resolutions, and to collect inputs for the 2014 national social cohesion report back summit. The department distributed 16 000 social cohesion manuals and toolkits in 2013/14. Over the medium term, spending on operating payments is expected to decrease substantially, due to the correction of the allocation for the social cohesion summit to agency and support/outsourced services in this period. The decrease in the number of staff in this subprogramme from 14 in 2013/14 to 11 over the medium term does not impact on spending on compensation of employees, as an additional senior manager was appointed in place of the secretarial positions that were abolished.

## Programme 3: Arts and Culture Promotion and Development

### Objectives

- Implement Mzansi golden economy strategy objectives in terms of job creation, social cohesion and sector development by:
  - increasing the number of jobs created in cultural events from 28 000 in 2013/14 to 28 400 in 2016/17
  - increasing support provided to touring venture projects that deal with art exhibitions, plays and public art performances that are intended to expose audiences in various cities to the arts, from 13 projects supported in 2013/14 to 25 in 2016/17.
- Build capacity in the arts and culture sector through targeted skills development programmes by awarding 90 bursaries over the medium term.
- Create an integrated and collaborative approach to growth and transformation of the arts and culture sector by supporting 4 exhibition platforms in 2013/14.
- Ensure that all official languages have equal status and that people are empowered to communicate in a language of choice through:
  - the translation and editing of 1 108 documents in official and foreign languages in 2014/15
  - the promotion of access to services and information through human language technology developments and activities, in all 11 official languages by 2015/16
  - the provision of specialised terminologies in 6 domains (main subject areas such as mathematics, science and life skills) by 2015/16
  - building capacity in language practice by providing bursaries in this field of study, the number ranging from 342 bursaries in 2011/12 to 336 in 2013/14.

### Subprogrammes

- *National Language Services* promotes the use and equal status of all official languages. This entails the review of the national language policy, the development of language terminologies and human language technology, translation and publishing services in all official languages, and the awarding of bursaries. In 2013/14, 336 bursaries were awarded to full time and part time university students studying languages and other related disciplines. There are plans to offer 320 bursaries for full time study in 2014/15. This subprogramme had a staff complement of 69 in 2013/14.
- *Pan South African Language Board* transfers funds to the Pan South African Language Board, which creates an environment that is conducive to developing, using and promoting the 11 official languages, as well as the Khoi, Nama, San and South African sign languages. This subprogramme's total budget is transferred in full to the board in quarterly tranches.

- *Arts and Cultural Development* is discussed in detail below.
- *Performing Arts Institutions* transfers funds to performing arts institutions, which provide a platform for the artistic and cultural expression of artists and those interested in performing arts. This subprogramme's budget is transferred in full in 4 tranches to performing arts institutions for operations and capital works and to Business and Arts South Africa for its operations.
- *National Film and Video Foundation* transfers funds to the National Film and Video Foundation in support of skills, local content, and local marketing development in South Africa's film and video industry. This subprogramme's total budget is transferred in full on a monthly basis to the foundation.
- *National Arts Council* transfers funds to the National Arts Council, which financially supports the various disciplines of arts and culture, guided by funding criteria that promote government objectives. This subprogramme's total budget is transferred in full to the council on a monthly basis.
- *Capital Works of Performing Arts Institutions* funds and administers capital grants to playhouses for maintenance and other capital projects. This subprogramme's total budget is transferred in full to entities based on approved plans.

## Expenditure estimates

**Table 14.11 Arts and Culture Promotion and Development**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
National Language Services	39.3	42.0	38.3	46.0	5.4%	5.2%	49.2	51.8	55.0	6.1%	4.9%
Pan South African Language Board	52.9	56.1	69.5	78.2	13.9%	8.1%	83.5	87.3	92.0	5.6%	8.2%
Arts and Cultural Development	173.2	175.8	197.6	281.1	17.5%	26.2%	335.5	351.1	370.0	9.6%	32.1%
Performing Arts Institutions	310.3	315.5	334.2	296.0	-1.6%	39.7%	319.2	333.0	341.9	4.9%	31.0%
National Film and Video Foundation	48.9	74.9	86.4	105.2	29.1%	10.0%	111.6	116.7	122.9	5.3%	11.0%
National Arts Council	65.6	68.5	87.5	87.6	10.1%	9.8%	91.9	96.1	101.2	4.9%	9.1%
Capital Works of Performing Arts Institutions	23.5	4.0	-	4.0	-44.6%	1.0%	42.1	55.1	56.7	142.0%	3.8%
<b>Total</b>	<b>713.7</b>	<b>736.8</b>	<b>813.5</b>	<b>898.1</b>	<b>8.0%</b>	<b>100.0%</b>	<b>1 032.9</b>	<b>1 091.1</b>	<b>1 139.6</b>	<b>8.3%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			(49.5)	(41.6)	(53.9)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>59.3</b>	<b>85.6</b>	<b>110.9</b>	<b>284.1</b>	<b>68.6%</b>	<b>17.1%</b>	<b>267.3</b>	<b>278.0</b>	<b>301.5</b>	<b>2.0%</b>	<b>27.2%</b>
Compensation of employees	37.2	41.0	37.5	42.7	4.7%	5.0%	46.2	49.1	52.5	7.1%	4.6%
Goods and services	22.1	44.6	73.4	241.4	121.7%	12.1%	221.2	228.9	249.0	1.0%	22.6%
<i>of which:</i>											
Contractors	8.1	10.2	20.4	3.6	-23.9%	1.3%	7.5	7.8	8.2	31.8%	0.6%
Agency and support / outsourced services	0.4	19.3	36.9	221.6	722.0%	8.8%	201.4	208.3	227.2	0.8%	20.6%
Operating leases	-	-	-	1.1	-	-	0.7	0.8	0.8	-9.1%	0.1%
Travel and subsistence	5.5	6.2	7.3	5.6	0.4%	0.8%	3.0	3.2	3.4	-15.4%	0.4%
<b>Transfers and subsidies</b>	<b>654.1</b>	<b>651.1</b>	<b>702.6</b>	<b>614.0</b>	<b>-2.1%</b>	<b>82.9%</b>	<b>765.5</b>	<b>813.1</b>	<b>838.1</b>	<b>10.9%</b>	<b>72.8%</b>
Departmental agencies and accounts	495.3	512.8	571.2	564.1	4.4%	67.8%	643.7	684.3	711.0	8.0%	62.5%
Higher education institutions	5.0	4.0	4.0	4.0	-7.2%	0.5%	7.7	9.3	9.2	32.0%	0.7%
Public corporations and private enterprises	-	-	-	-	-	-	2.4	2.5	2.5	-	0.2%
Non-profit institutions	5.9	6.2	6.5	6.9	5.6%	0.8%	84.6	89.6	86.1	131.9%	6.4%
Households	147.9	128.1	120.9	39.0	-35.9%	13.8%	27.1	27.5	29.3	-9.0%	3.0%
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings and other fixed structures	0.1	0.1	-	-	-100.0%	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>713.7</b>	<b>736.8</b>	<b>813.5</b>	<b>898.1</b>	<b>8.0%</b>	<b>100.0%</b>	<b>1 032.9</b>	<b>1 091.1</b>	<b>1 139.6</b>	<b>8.3%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>31.7%</b>	<b>30.6%</b>	<b>30.6%</b>	<b>30.8%</b>			<b>29.3%</b>	<b>27.5%</b>	<b>27.2%</b>		

Table 14.11 Arts and Culture Promotion and Development

Details of selected transfers and subsidies		Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
		2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million												
<b>Non-profit institutions</b>												
<b>Current</b>												
	5.9	6.2	6.5	6.9	5.6%	0.8%	84.6	89.6	86.1	131.9%	6.4%	
Business and Arts South Africa	5.9	6.2	6.5	6.9	5.6%	0.8%	7.3	7.6	8.1	5.3%	0.7%	
Visual and performing arts projects	-	-	-	-	-	-	12.3	12.5	13.5	-	0.9%	
Mzansi Golden Economy: Public art	-	-	-	-	-	-	10.5	16.4	19.0	-	1.1%	
Mzansi Golden Economy: Cultural events	-	-	-	-	-	-	54.5	53.0	45.5	-	3.7%	
<b>Departmental agencies and accounts</b>												
<b>Departmental agencies (non-business entities)</b>												
<b>Current</b>												
	371.8	378.2	434.0	473.5	8.4%	52.4%	504.8	528.8	557.4	5.6%	49.6%	
Gifts and donations	-	0.1	0.1	-	-	-	-	-	-	-	-	
Pan South African Language Board	52.9	56.1	69.5	78.2	13.9%	8.1%	83.5	87.3	92.0	5.6%	8.2%	
Artscape	56.4	42.3	45.0	47.8	-5.4%	6.1%	50.8	53.1	55.9	5.3%	5.0%	
Market Theatre	21.8	23.1	24.6	26.2	6.4%	3.0%	27.8	29.1	30.6	5.4%	2.7%	
National Arts Council	65.6	68.5	87.5	87.6	10.1%	9.8%	91.9	96.1	101.2	4.9%	9.1%	
Performing Arts Centre of the Free State	37.6	31.1	33.3	35.5	-1.9%	4.3%	37.7	39.4	41.5	5.4%	3.7%	
The Playhouse Company	40.5	36.1	38.5	40.6	0.1%	4.9%	43.1	45.1	47.5	5.4%	4.2%	
State Theatre	38.3	37.1	39.7	42.4	3.4%	5.0%	45.0	47.1	49.6	5.4%	4.4%	
Windybrow Theatre	9.9	8.9	9.5	10.1	0.5%	1.2%	10.7	11.2	11.8	5.3%	1.1%	
National Film and Video Foundation	48.9	74.9	86.4	105.2	29.1%	10.0%	111.6	116.7	122.9	5.3%	11.0%	
Mzansi Golden Economy: Public art	-	-	-	-	-	-	2.8	3.7	4.5	-	0.3%	
<b>Capital</b>												
	123.5	134.6	137.1	90.6	-9.8%	15.4%	138.9	155.4	153.6	19.2%	12.9%	
Artscape: Capital works projects	13.2	26.7	44.0	45.7	51.2%	4.1%	48.0	-	-	-100.0%	2.2%	
State Theatre: Capital works projects	11.6	13.2	9.8	10.5	-3.3%	1.4%	14.1	13.9	10.2	-1.1%	1.2%	
The Playhouse Company: Capital works projects	9.0	28.8	25.8	2.2	-37.5%	2.1%	19.4	36.2	46.1	175.7%	2.5%	
Performing Arts Centre of the Free State: Capital works projects	16.0	7.6	15.7	5.8	-28.8%	1.4%	15.3	21.3	12.7	29.9%	1.3%	
Market Theatre: Capital works projects	27.3	31.5	22.2	22.5	-6.3%	3.3%	-	29.0	28.0	7.6%	1.9%	
Windybrow Theatre: Capital works projects	22.9	22.9	19.7	-	-100.0%	2.1%	-	-	-	-	-	
Performing arts projects	23.5	4.0	-	4.0	-44.6%	1.0%	11.1	17.1	9.6	33.7%	1.0%	
National Arts Council: Capital works projects	-	-	-	-	-	-	21.0	23.0	27.1	-	1.7%	
National Film and Video Foundation: Capital works projects	-	-	-	-	-	-	10.0	15.0	20.0	-	1.1%	
<b>Households</b>												
<b>Other transfers to households</b>												
<b>Current</b>												
	147.9	128.1	120.9	39.0	-35.9%	13.8%	27.1	27.5	29.3	-9.0%	3.0%	
Language development projects	11.8	13.6	5.8	8.5	-10.4%	1.3%	5.6	4.6	5.4	-14.1%	0.6%	
Visual and performing arts projects	42.8	53.5	32.9	20.4	-21.9%	4.7%	2.0	4.0	4.0	-41.8%	0.7%	
Cultural industries	11.6	19.0	63.7	10.1	-4.6%	3.3%	19.6	18.9	19.9	25.6%	1.6%	
Investing in culture	81.7	42.0	-	-	-100.0%	3.9%	-	-	-	-	-	
2013 Africa Cup of Nations	-	-	18.5	-	-	0.6%	-	-	-	-	-	
<b>Higher education institutions</b>												
<b>Current</b>												
	5.0	4.0	4.0	4.0	-7.2%	0.5%	7.7	9.3	9.2	32.0%	0.7%	
Language development projects	5.0	4.0	4.0	4.0	-7.2%	0.5%	7.7	9.3	9.2	32.0%	0.7%	
<b>Public corporations and private enterprises</b>												
<b>Public corporations</b>												
<b>Other transfers to public corporations</b>												
<b>Current</b>												
	-	-	-	-	-	-	2.4	2.5	2.5	-	0.2%	
Visual and performing arts projects: Interactive Africa	-	-	-	-	-	-	2.4	2.5	2.5	-	0.2%	

## Personnel information

**Table 14.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost		
Arts and Culture Promotion and Development																			
Salary level	95	2	94	37.5	0.4	94	42.7	0.5	94	46.2	0.5	94	49.1	0.5	94	52.5	0.6	-	100.0%
1 – 6	4	1	3	0.6	0.2	3	0.7	0.2	3	0.8	0.3	3	0.8	0.3	3	0.9	0.3	-	3.2%
7 – 10	61	1	61	17.5	0.3	61	20.6	0.3	61	22.7	0.4	61	24.4	0.4	61	26.6	0.4	-	64.9%
11 – 12	19	-	19	9.8	0.5	19	11.0	0.6	19	11.7	0.6	19	12.3	0.6	19	12.8	0.7	-	20.2%
13 – 16	11	-	11	9.1	0.8	11	9.8	0.9	11	10.3	0.9	11	10.8	1.0	11	11.4	1.0	-	11.7%
Other	-	-	-	0.6	-	-	0.6	-	-	0.7	-	-	0.7	-	-	0.8	-	-	-

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term is on mainstreaming the role of arts and culture in social and economic development and providing financial support to performing arts institutions and cultural industries and events. Thus, the bulk of the budget over the medium term is allocated to implementing sector strategies and supporting sector programmes and projects and organisations, including activities in community arts centres, and programmes in the performing arts institutions. The decrease in spending in the *Capital Works of Performing Arts Institutions* subprogramme between 2010/11 and 2013/14 was due to the reclassification of expenditure from this subprogramme to the performing arts institutions receiving these funds, to enable them to manage capital work upgrades and maintenance at these institutions.

Cabinet approved budget reductions of R7.6 million over the MTEF period are to be effected on goods and services, and on transfers to the National Arts Council due to slow spending, which is expected to result in projects being rolled out over a longer period.

Growth in spending in the *Pan South African Language Board* subprogramme between 2010/11 and 2013/14 was due to additional funds allocated in the 2012 Budget to address the sustainability and viability of the entity. Spending in the *National Film and Video Foundation* subprogramme grew significantly over the same period due to additional allocations in the 2011 Budget to develop the local film industry and create jobs.

This programme has a funded establishment of 95 posts and 2 posts additional to the establishment. At the end of November 2013, this programme had 94 filled posts and 1 vacant funded post. The growth projected in expenditure on compensation of employees over the medium term is mainly due to improvements in conditions of service.

## Subprogramme: Arts and Cultural Development

This subprogramme implements the majority of projects for the Mzansi golden economy strategy and supports the creative industries by developing strategies, participating in various stakeholder forums, supporting projects and providing training. The number of cultural events supported increased from 19 in 2012/13 to 22 in 2013/14, while 16 touring ventures were supported in both years. In 2014/15, there are plans to support 22 cultural events and 20 touring ventures.

## Expenditure estimates

**Table 14.13 Arts and Cultural Development**

Economic classification	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Current payments</b>	<b>36.8</b>	<b>61.2</b>	<b>82.4</b>	<b>250.6</b>	<b>89.5%</b>	<b>52.1%</b>	<b>231.4</b>	<b>240.1</b>	<b>261.1</b>	<b>1.4%</b>	<b>73.5%</b>
Compensation of employees	18.3	20.7	15.7	16.6	-3.2%	8.6%	17.6	18.7	20.0	6.5%	5.5%
Goods and services	18.6	40.5	66.7	234.0	132.7%	43.5%	213.8	221.3	241.1	1.0%	68.0%
<b>Transfers and subsidies</b>	<b>136.1</b>	<b>114.6</b>	<b>115.2</b>	<b>30.5</b>	<b>-39.3%</b>	<b>47.9%</b>	<b>104.1</b>	<b>111.0</b>	<b>108.9</b>	<b>52.9%</b>	<b>26.5%</b>
Departmental agencies and accounts	-	0.1	0.1	-	-	-	2.8	3.7	4.5	-	0.8%
Public corporations and private enterprises	-	-	-	-	-	-	2.4	2.5	2.5	-	0.6%
Non-profit institutions	-	-	-	-	-	-	77.3	81.9	78.0	-	17.7%
Households	136.1	114.5	115.1	30.5	-39.3%	47.9%	21.6	22.9	23.9	-7.7%	7.4%
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings and other fixed structures	0.1	0.1	-	-	-100.0%	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>173.2</b>	<b>175.8</b>	<b>197.6</b>	<b>281.1</b>	<b>17.5%</b>	<b>100.0%</b>	<b>335.5</b>	<b>351.1</b>	<b>370.0</b>	<b>9.6%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>24.3%</b>	<b>23.9%</b>	<b>24.3%</b>	<b>31.3%</b>			<b>32.5%</b>	<b>32.2%</b>	<b>32.5%</b>		

## Personnel information

**Table 14.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
Arts and Cultural Development		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	30	1	31	15.7	0.5	29	16.6	0.6	29	17.6	0.6	29	18.8	0.7	29	20.0	0.7	-	100.0%
7 - 10	8	1	9	2.2	0.2	8	2.4	0.3	8	2.7	0.3	8	3.0	0.4	8	3.4	0.4	-	27.6%
11 - 12	16	-	16	8.4	0.5	15	8.7	0.6	15	9.1	0.6	15	9.7	0.6	15	10.3	0.7	-	51.7%
13 - 16	6	-	6	5.2	0.9	6	5.5	0.9	6	5.8	1.0	6	6.1	1.0	6	6.4	1.1	-	20.7%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on mainstreaming the role of arts and culture in social and economic development by implementing Mzansi golden economy strategy projects. Due to inadequate internal capacity and skills, the strategy is implemented by external service providers, resulting in the significant spending on goods and services, in particular on agency and support/outsourced services, between 2010/11 and 2013/14, and on contractors over the medium term.

This subprogramme's budget over the medium term is allocated to implementing and expanding Mzansi golden economy work stream projects. Accordingly, a spike is projected in spending on goods and services over the medium term, due to a shift of funds for Mzansi golden economy projects from transfers to households towards agency and support/outsourced services. The transfers to households allocation is projected to decline over the medium term as a result. Spending in respect of Mzansi golden economy projects is accounted for in transfers to departmental agencies and accounts and non-profit institutions, and agency and support/outsourced services. These projects account for the significant increase in spending on transfers and subsidies over the medium term. The number of jobs created through cultural events increased from 25 850 in 2012/13 to 28 000 in 2013/14. At the end of November 2013, the subprogramme had 29 filled posts and 1 vacant funded post.

## Programme 4: Heritage Promotion and Preservation

### Objectives

- Transform South Africa's heritage and heraldry landscape through targeted legacy projects and geographical name changes by supporting 9 legacy or monument heritage projects over the medium term.
- Build capacity and enhance the skills base in the heritage sector by promoting heritage studies through increasing the number of bursaries awarded from 31 in 2011/12 to 120 in 2014/15.
- Promote national identity, nation building and social cohesion by:
  - commemorating and hosting 7 national days and historic events in 2014/15
  - popularising national symbols by increasing the number of flags distributed from 100 000 in 2012/13 to 200 000 in 2014/15, most of which will be used for the 20 years of democracy celebrations.
- Facilitate the creation of 22 500 decent jobs in arts, culture and heritage by March 2016 through the support of events and campaigns in the crafts, books and publishing, music, design, film and visual arts sectors.
- Transform South Africa's heritage, archives and library sectors by:
  - safeguarding and managing archival materials by digitising and compiling inventories of collections, including 4 audiovisual formats in 2014/15
  - promoting archival and library resources and services and improving access through awareness and other outreach programmes by conducting 4 archival outreach programmes in 2014/15
  - ensuring the proper management of records in governmental bodies through evaluation of 56 file plans in 2014/15
  - providing adequate and modern infrastructure for archives and libraries through the building of 17 new community libraries and the upgrading of the national archives and records service system in 2014/15.

### Subprogrammes

- *Heritage Promotion* funds a range of heritage initiatives and projects, such as Heritage Month; the repatriation of South African culture and heritage objects; and the Bureau of Heraldry, which registers symbols, popularises national symbols through public awareness campaigns and coordinates the national orders awards ceremony. In 2013/14, 100 000 handheld South African flags were distributed. This subprogramme had a staff complement of 140 in 2013/14.
- *National Archives Services* acquires, preserves, manages and makes accessible public and non-public records with enduring value. In 2013/14, 3 archival outreach programmes were presented at a cost of R558 000. This subprogramme had a funded staff complement of 105 in 2013/14.
- *Heritage Institutions* funds and determines policy for declared cultural institutions and heritage bodies by ensuring that funds to the institutions are used to preserve, research, protect, and promote heritage. This subprogramme's total budget is transferred in full to the institutions on a monthly basis.
- *National Library Services* funds libraries and institutions, and develops related policy. The bulk of this subprogramme's budget is used for transfers to the National Library of South Africa, the South African Library for the Blind and Blind South Africa. This subprogramme had a staff complement of 8 in 2013/14.
- *Public Library Services* transfers funds to provincial departments for the community library services conditional grant for constructing and upgrading libraries, hiring personnel and purchasing library materials. This subprogramme's total budget is transferred in full to provinces based on business plans. In 2013/14, 40 libraries were upgraded and 16 new libraries were built.
- *Capital Works* funds and administers capital allocations for the construction and maintenance of heritage infrastructure, new commemorative structures under national legacy projects, and grants to the National Library of South Africa and the South African Library for the Blind for maintenance and other capital projects. Funds are awarded annually based on entity business plans. This subprogramme's total budget is either transferred in full to approved institutions, or paid to the Department of Public Works.
- *South African Heritage Resources Agency* transfers funds to the South African Heritage Resources Agency, whose key strategic objectives are developing and implementing norms and standards for managing heritage

resources. This subprogramme's total budget is transferred in full to the South African Heritage Resources Agency on a monthly basis.

- *South African Geographical Names Council* transfers funds to the South African Geographical Names Council, which is an advisory body that facilitates name changes by consulting with communities to advise the Minister of Arts and Culture. This subprogramme's total budget is transferred in full to the council on a monthly basis.
- *National Heritage Council* transfers funds to the National Heritage Council, whose mandate involves enhancing knowledge production on heritage and ensuring the promotion and awareness of heritage. This subprogramme's total budget is transferred in full to the National Heritage Council on a monthly basis.

## Expenditure estimates

**Table 14.15 Heritage Promotion and Preservation**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Heritage Promotion	40.1	50.8	68.6	69.8	20.3%	3.9%	74.0	77.7	82.0	5.5%	3.3%
National Archive Services	44.7	41.5	36.9	43.5	-0.9%	2.8%	46.2	48.9	52.0	6.1%	2.1%
Heritage Institutions	454.7	335.1	406.7	545.3	6.2%	29.3%	594.7	602.3	631.3	5.0%	26.1%
National Library Services	67.7	84.6	86.7	97.7	13.0%	5.7%	104.8	109.0	118.0	6.5%	4.7%
Public Library Services	465.8	575.7	570.4	605.6	9.1%	37.2%	1 039.8	1 369.3	1 441.8	33.5%	49.1%
Capital Works	136.8	185.3	277.2	237.4	20.2%	14.1%	192.3	207.1	230.2	-1.0%	9.5%
South African Heritage Resources Agency	36.2	85.5	41.0	43.7	6.4%	3.5%	47.4	54.5	55.0	8.0%	2.2%
South African Geographical Names Council	1.8	6.4	5.5	8.1	63.6%	0.4%	8.6	9.0	9.4	5.3%	0.4%
National Heritage Council	46.7	47.3	50.1	52.7	4.1%	3.3%	55.9	58.5	61.6	5.3%	2.5%
<b>Total</b>	<b>1 294.5</b>	<b>1 412.3</b>	<b>1 543.1</b>	<b>1 703.7</b>	<b>9.6%</b>	<b>100.0%</b>	<b>2 163.8</b>	<b>2 536.2</b>	<b>2 681.4</b>	<b>16.3%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			46.1	38.1	50.2		

### Economic classification

<b>Current payments</b>	<b>74.1</b>	<b>90.1</b>	<b>102.2</b>	<b>114.6</b>	<b>15.7%</b>	<b>6.4%</b>	<b>126.4</b>	<b>132.7</b>	<b>144.6</b>	<b>8.1%</b>	<b>5.7%</b>
Compensation of employees	38.7	39.6	42.8	50.1	9.0%	2.9%	53.8	57.1	60.9	6.7%	2.4%
Goods and services	35.3	50.5	59.4	64.5	22.2%	3.5%	72.6	75.6	83.7	9.1%	3.3%
<i>of which:</i>											
Contractors	8.7	11.8	17.0	12.9	13.8%	0.8%	24.9	26.1	27.4	28.7%	1.0%
Agency and support / outsourced services	7.2	12.3	9.8	19.3	38.6%	0.8%	14.5	14.4	19.3	-	0.7%
Operating leases	0.0	0.2	-	0.5	189.0%	-	0.9	1.0	1.0	24.2%	-
Travel and subsistence	8.1	9.6	16.8	13.3	18.0%	0.8%	12.5	13.6	14.4	2.7%	0.6%
<b>Transfers and subsidies</b>	<b>1 220.5</b>	<b>1 322.1</b>	<b>1 440.9</b>	<b>1 589.2</b>	<b>9.2%</b>	<b>93.6%</b>	<b>2 037.4</b>	<b>2 403.5</b>	<b>2 536.8</b>	<b>16.9%</b>	<b>94.3%</b>
Provinces and municipalities	462.4	569.9	564.6	597.8	8.9%	36.9%	1 016.2	1 340.6	1 411.6	33.2%	48.1%
Departmental agencies and accounts	740.0	734.8	858.5	971.8	9.5%	55.5%	999.7	1 039.7	1 105.0	4.4%	45.3%
Higher education institutions	-	-	-	-	-	-	4.8	5.0	5.3	-	0.2%
Foreign governments and international organisations	-	-	-	-	-	-	1.1	1.2	1.3	-	-
Non-profit institutions	5.4	6.0	6.3	6.7	7.1%	0.4%	15.6	16.9	13.6	26.7%	0.6%
Households	12.6	11.4	11.5	12.9	0.8%	0.8%	0.0	0.1	0.1	-81.8%	0.1%
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 294.5</b>	<b>1 412.3</b>	<b>1 543.1</b>	<b>1 703.7</b>	<b>9.6%</b>	<b>100.0%</b>	<b>2 163.8</b>	<b>2 536.2</b>	<b>2 681.4</b>	<b>16.3%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>57.6%</b>	<b>58.7%</b>	<b>58.1%</b>	<b>58.5%</b>			<b>61.4%</b>	<b>63.9%</b>	<b>64.1%</b>		

### Details of selected transfers and subsidies

<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.1</b>	<b>1.2</b>	<b>1.3</b>	<b>-</b>	<b>-</b>
African World Heritage Fund	-	-	-	-	-	-	1.1	1.2	1.3	-	-
<b>Non-profit institutions</b>											
<b>Current</b>	<b>5.4</b>	<b>6.0</b>	<b>6.3</b>	<b>6.7</b>	<b>7.1%</b>	<b>0.4%</b>	<b>15.6</b>	<b>16.9</b>	<b>13.6</b>	<b>26.7%</b>	<b>0.6%</b>
Heritage projects	-	-	-	-	-	-	4.0	4.0	4.0	-	0.1%
Blind South Africa	5.2	5.8	6.1	6.4	7.2%	0.4%	6.8	7.1	7.5	5.3%	0.3%
Library and Information Association of South Africa	-	-	-	-	-	-	4.5	5.5	1.8	-	0.1%
Engelenburg House Art Collection: Pretoria	0.2	0.2	0.3	0.3	5.6%	-	0.3	0.3	0.3	5.2%	-

Table 14.15 Heritage Promotion and Preservation

Details of selected transfers and subsidies											
R million	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>592.5</b>	<b>485.6</b>	<b>524.4</b>	<b>552.9</b>	<b>-2.3%</b>	<b>36.2%</b>	<b>600.5</b>	<b>639.4</b>	<b>671.8</b>	<b>6.7%</b>	<b>27.1%</b>
Iziko Museums of Cape Town	50.8	53.9	57.7	61.5	6.6%	3.8%	65.3	68.3	72.0	5.4%	2.9%
Luthuli Museum - Stanger	6.2	6.6	7.0	7.5	6.2%	0.5%	8.9	9.3	9.8	9.7%	0.4%
National Heritage Council	46.7	47.3	50.1	52.7	4.1%	3.3%	55.9	58.5	61.6	5.3%	2.5%
National Museum - Bloemfontein	24.5	31.0	35.1	38.4	16.2%	2.2%	41.1	43.3	45.6	5.9%	1.9%
Nelson Mandela Museum - Mthatha	32.5	16.6	17.7	18.9	-16.5%	1.4%	20.1	21.1	22.3	5.6%	0.9%
South African Heritage Resources Agency	36.2	38.5	41.0	43.7	6.4%	2.7%	46.4	48.6	51.1	5.4%	2.1%
Freedom Park - Pretoria: Capital works projects	-	-	4.3	-	-	0.1%	2.0	9.1	8.2	-	0.2%
National Library of South Africa	48.4	61.2	66.2	69.8	13.0%	4.1%	84.1	91.5	96.4	11.3%	3.8%
South African Library for the Blind	12.0	13.5	14.6	15.6	9.2%	0.9%	16.6	17.4	18.3	5.4%	0.7%
Die Afrikaanse Taal Museum: Paarl	4.0	4.2	4.6	5.0	7.7%	0.3%	5.3	5.6	5.9	5.9%	0.2%
Freedom Park: Pretoria	187.8	60.4	62.3	66.4	-29.3%	6.3%	70.5	73.7	77.6	5.4%	3.2%
KwaZulu-Natal Museum: Pietermaritzburg	13.5	14.3	15.3	16.4	6.6%	1.0%	17.4	18.2	19.1	5.4%	0.8%
Robben Island Museum: Cape Town	51.8	55.0	58.9	61.6	6.0%	3.8%	65.4	68.4	72.0	5.4%	2.9%
The National English Literary Museum: Grahamstown	6.7	7.1	7.6	8.1	6.8%	0.5%	8.7	9.1	9.5	5.4%	0.4%
Voortrekker Museum: Pietermaritzburg	9.3	9.8	10.5	11.2	6.7%	0.7%	11.9	12.5	13.1	5.4%	0.5%
War Museum of the Boer Republics: Bloemfontein	6.5	6.7	7.8	8.0	7.5%	0.5%	8.6	9.1	9.6	6.2%	0.4%
William Humphreys Art Gallery: Kimberley	4.7	4.9	5.3	5.6	6.4%	0.3%	6.0	6.2	6.6	5.4%	0.3%
Ditsong Museum of South Africa: Pretoria	51.2	54.4	58.4	62.5	6.8%	3.8%	66.4	69.4	73.1	5.4%	3.0%
<b>Capital</b>	<b>147.5</b>	<b>249.1</b>	<b>334.1</b>	<b>418.9</b>	<b>41.6%</b>	<b>19.3%</b>	<b>399.2</b>	<b>400.4</b>	<b>433.1</b>	<b>1.1%</b>	<b>18.2%</b>
<b>Museums</b>	<b>136.8</b>	<b>165.3</b>	<b>249.9</b>	<b>0.0</b>	<b>-93.5%</b>	<b>9.3%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5.0%</b>	<b>-</b>
Iziko Museums of Cape Town: Capital works projects	-	8.0	12.4	83.2	-	1.7%	40.8	50.1	40.0	-21.7%	2.4%
South African Heritage Resources Agency: Capital works projects	-	47.0	-	-	-	0.8%	1.0	6.0	3.9	-	0.1%
Heritage legacy projects	-	-	-	148.3	-	2.5%	126.9	148.0	163.3	3.3%	6.5%
Luthuli Museum - Stanger: Capital works projects	1.9	-	-	1.0	-19.9%	-	2.1	2.8	18.4	168.4%	0.3%
National Museum - Bloemfontein: Capital works projects	-	-	0.6	1.1	-	-	11.4	16.5	22.5	175.5%	0.6%
National archives	-	20.0	27.3	83.7	-	2.2%	55.4	46.0	56.8	-12.1%	2.7%
National Library of South Africa: Capital works projects	4.1	7.0	3.0	4.2	0.3%	0.3%	5.5	4.1	2.5	-15.4%	0.2%
South African Library for the Blind: Capital works projects	0.9	-	-	3.4	56.3%	0.1%	2.2	4.6	5.3	15.3%	0.2%
Blind South Africa: Capital works projects	0.4	-	-	-	-100.0%	-	1.3	-	4.8	-	0.1%
Libraries	-	-	-	5.3	-	0.1%	10.0	13.0	10.0	23.3%	0.4%
Cultural Precincts	-	-	-	-	-	-	8.0	15.0	6.0	-	0.3%
Die Erfenisstigting	-	-	-	-	-	-	1.0	-	-	-	-
Adams College	-	-	-	-	-	-	1.7	1.6	2.8	-	0.1%
Voortrekker Monument	-	-	-	-	-	-	0.5	0.5	0.8	-	-
Nelson Mandela Museum: Mthatha: Capital works projects	-	1.8	5.7	24.7	-	0.5%	4.4	0.6	-	-100.0%	0.3%
KwaZulu-Natal Museum: Pietermaritzburg: Capital works projects	0.7	-	0.3	5.4	102.1%	0.1%	8.4	12.1	16.2	43.8%	0.5%
Voortrekker Museum: Pietermaritzburg: Capital works projects	2.5	-	-	13.5	75.6%	0.3%	13.0	2.0	1.0	-58.0%	0.3%
William Humphreys Art Gallery: Kimberley: Capital works projects	0.1	-	-	-	-100.0%	-	1.0	0.5	2.5	-	-
War Museum of the Boer Republics: Bloemfontein: Capital works projects	0.2	-	10.5	2.1	139.1%	0.2%	0.9	-	1.0	-21.3%	-
Die Afrikaanse Taal Museum: Paarl: Capital works projects	-	-	-	1.8	-	-	6.0	7.6	-	-100.0%	0.2%
Ditsong Museum of South Africa: Pretoria: Capital works projects	-	-	8.0	16.6	-	0.4%	28.7	4.1	3.0	-43.5%	0.6%
The National English Literary Museum: Grahamstown: Capital works projects	-	-	-	17.5	-	0.3%	39.9	32.0	20.0	4.6%	1.2%
Robben Island Museum: Cape Town: Capital works projects	-	-	16.4	7.1	-	0.4%	29.1	33.2	52.4	94.6%	1.3%

**Table 14.15 Heritage Promotion and Preservation**

Details of selected transfers and subsidies			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
Audited outcome						2013/14	2010/11 - 2013/14	2014/15			2015/16
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17	
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	12.6	11.4	11.5	12.9	0.8%	0.8%	0.0	0.1	0.1	-81.8%	0.1%
Heritage projects	11.9	11.3	11.0	8.4	-11.0%	0.7%	0.0	0.1	0.1	-79.0%	0.1%
Projects that conserve archival material	0.7	0.1	0.5	-	-100.0%	-	-	-	-	-	-
<b>Higher education institutions</b>											
<b>Current</b>	-	-	-	-	-	-	4.8	5.0	5.3	-	0.2%
Bursaries for non-employees	-	-	-	-	-	-	4.8	5.0	5.3	-	0.2%
<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Capital</b>	462.4	569.9	564.6	597.8	8.9%	36.9%	1 016.2	1 340.6	1 411.6	33.2%	48.1%
Community library services grant	462.4	569.9	564.6	597.8	8.9%	36.9%	1 016.2	1 340.6	1 411.6	33.2%	48.1%

## Personnel information

**Table 14.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
Heritage Promotion and Preservation		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Salary level</b>	<b>154</b>	<b>9</b>	<b>149</b>	<b>42.8</b>	<b>0.3</b>	<b>150</b>	<b>47.7</b>	<b>0.3</b>	<b>151</b>	<b>53.8</b>	<b>0.4</b>	<b>151</b>	<b>57.1</b>	<b>0.4</b>	<b>151</b>	<b>60.9</b>	<b>0.4</b>	<b>0.2%</b>	<b>100.0%</b>
1 – 6	62	9	61	8.7	0.1	61	10.6	0.2	61	11.1	0.2	61	12.0	0.2	61	12.6	0.2	-	40.5%
7 – 10	62	-	59	16.0	0.3	59	16.9	0.3	59	19.1	0.3	59	20.4	0.3	59	22.0	0.4	-	39.1%
11 – 12	20	-	21	11.1	0.5	21	11.8	0.6	21	13.7	0.7	21	14.5	0.7	21	15.5	0.7	-	13.9%
13 – 16	10	-	8	6.4	0.8	9	7.6	0.8	10	9.1	0.9	10	9.4	0.9	10	9.9	1.0	3.6%	6.5%
Other	-	-	-	0.6	-	-	0.8	-	-	0.8	-	-	0.9	-	-	0.9	-	-	-

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on implementing archival and cultural heritage policy to promote social cohesion, and providing community library services through the community library services conditional grant transfers to provinces. An average of 48.1 per cent of the budget is transferred to the provinces for the provision of community library services. This transfer is projected to grow strongly over the medium term due to additional allocations from the 2013 Budget to build 51 new and upgrade 135 existing libraries, hire personnel and purchase library materials.

Between 2010/11 and 2013/14, the significant growth in spending on agency and support/outsourced services was due to the appointment of consultants to provide oversight over the implementation of the conditional grant, and supporting the department to monitor and evaluate the performance of provinces. The hosting of commemoration and national days, such as Heritage Day celebrations, accounts for the increased spending in the *Heritage Promotion* subprogramme between 2010/11 and 2013/14. This resulted in strong growth in spending on goods and services over this period, mainly due to the contracting of artists and performers for events, event promoters, audio visual services, and stage and sound. This also accounts for significant growth in spending on contractors over the MTEF period.

Over the medium term, spending on heritage legacy infrastructure projects is expected to increase from R126.9 million in 2014/15 to R163.4 million in 2016/17 to fund legacy projects that are under construction, including the Sarah Baartman Centre for Remembrance, the memorial site for JL Dube and the memorial site for OR Tambo.

This programme has a funded establishment of 154 posts and 9 posts additional to the establishment for interns. At the end of November 2013, the programme had 150 filled posts and 4 vacant funded posts. Growth in expenditure on compensation of employees over the medium term is mainly due to improvements in conditions of service.

## Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The following officially declared **heritage institutions** are dependent on annual transfers from the Department of Arts and Culture: Freedom Park; Northern Flagship Institutions, Pretoria; Iziko Museum, Cape Town; Natal Museum, Pietermaritzburg; Bloemfontein National Museum; Die Afrikaanse Taalmuseum, Paarl; The National English Literary Museum, Grahamstown; the Voortrekker Museum, Pietermaritzburg; War Museum of the Boer Republics, Bloemfontein; William Humphreys Art Gallery, Kimberley; Luthuli Museum, Stanger; and Nelson Mandela Museum, Mthatha. Total transfers in 2014/15 amount to R448.7 million, including capital works.
- The Department of Arts and Culture oversees various **libraries**, including the National Library of South Africa, a statutory body; the South African Library for the Blind; and Blind South Africa. Total transfers to the libraries in 2014/15 amount to R126.4 million, including capital works.
- The **National Arts Council of South Africa** facilitates opportunities for people to practice and appreciate the arts. The council also promotes the general application of the arts in the community, fosters the expression of national identity by means of the arts, promotes freedom in the practice of the arts, and gives historically disadvantaged people greater access to the arts. The council's total budget for 2014/15 is R91.9 million.
- The **National Film and Video Foundation of South Africa** develops and promotes the film and video industry in South Africa. The foundation promotes local film and video products, supports the development of and access to the industry, and addresses historical imbalances in infrastructure, skills and resources in the industry. The foundation's total budget for 2014/15 is R111.6 million.
- The **National Heritage Council of South Africa** engages heritage stakeholders in public and private institutions, including the various organs of civil society, mobilises debates and builds awareness about heritage. The council's total budget for 2014/15 is R55.9 million.
- The **Pan South African Language Board** is a constitutional institution that promotes an awareness of multilingualism as a national resource and supports previously marginalised languages. It is mandated to investigate complaints about language rights and violations from any individual, organisation or institution. The board's total budget for 2014/15 is R83.5 million.
- The following **performing arts institutions** receive annual transfers from the Department of Arts and Culture: the State Theatre, The Playhouse Company, Artscape Theatre, The Market Theatre, the Performing Arts Council of the Free State and the Windybrow Theatre. In addition to the annual transfer from the department, these entities also generate their own revenue through entrance fees, donor assistance and sponsorships. Total transfers in 2014/15 amount to R319.2 million, including capital works.
- The **Robben Island Museum** is a schedule 3A public entity established in terms of the Cultural Institutions Act (1998), and was declared a World Heritage Site by the United Nations Educational, Scientific and Cultural Organisation in 1999. The museum's total budget for 2014/15 is R94.5 million.
- The **South African Heritage Resources Agency** is the national administrative management body for the protection of South Africa's cultural heritage. The agency's main functions include managing the national estate through partnerships with other bodies to promote an integrated heritage resources management system. The agency's total budget for 2014/15 is R47.4 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12		2013/14	2014/15	2015/16
R million									
<b>Infrastructure transfers to other spheres, agencies and departments</b>									
Department of Arts and Culture Public Entities and Heritage Projects	Upgrades	Various	2019.5	179.7	169.3	65.5	126.9	148.1	163.4
Freedom Park	Freedom Park	Construction	700.0	134.0	-	-	-	-	-
William Humphrey Art Gallery	Upgrades	Various	26.0	0.1	-	4.0	1.0	0.5	2.5
Die Afrikaanse Taal Museum	Upgrades	Various	19.6	-	-	6.0	6.0	7.6	-
Ditsong Museum projects	Upgrades	Various	85.3	-	-	20.0	28.7	4.1	3.0
KwaZulu-Natal Museums projects	Upgrades	Various	170.2	0.7	-	17.0	8.4	12.1	16.2
Luthuli Museum	Upgrades	Various	160.2	1.9	-	4.0	2.1	2.8	18.4
Voortrekkers/Msunduzi Museum	Upgrades	Various	63.7	2.5	-	38.0	13.0	2.0	1.0
National Museum, Bloemfontein	Upgrades	Various	215.1	-	-	4.0	11.4	16.5	22.5
The National English Literary Museum	Upgrades	Various	244.3	-	-	9.0	39.9	32.0	20.0
Nelson Mandela Museum	Upgrades	Various	41.7	-	2.0	29.0	4.4	0.6	-
War of the Boer Republic Museum	Upgrades	Various	33.6	0.2	-	14.0	0.9	-	1.0
Iziko Museum of Cape Town	Upgrades	Various	477.0	-	8.0	40.0	40.8	50.1	40.0
Robben Island Museum	Upgrades	Various	544.3	-	-	39.0	29.1	33.2	52.4
South African Heritage Resource Agency	Upgrades	Various	85.7	-	47.0	-	1.0	6.0	3.9
National Library: Centre for the Books	Upgrades	Various	21.7	-	-	1.0	1.0	1.8	-
National Library: Pretoria Campus	Upgrades	Various	25.4	4.1	7.0	2.0	4.5	2.4	2.5
South African Library for the Blind	Upgrades	Various	60.5	0.9	-	10.0	2.2	4.6	5.3
Artscape Theatre	Upgrades	Various	178.1	13.2	27.0	46.0	48.0	-	-
Market Theatre	Upgrades	Various	354.5	27.3	31.0	17.0	-	29.0	28.0
Performing Arts Centre of the Free State	Upgrades	Various	195.7	16.0	8.0	16.0	15.3	21.3	12.7
State Theatre	Upgrades	Various	154.9	11.6	13.0	10.0	14.1	13.9	10.2
The Playhouse Company	Upgrades	Various	526.7	9.0	29.0	32.0	19.4	36.2	46.1
Windybrow Theatre	Upgrades	Various	76.6	22.9	23.0	11.0	-	-	-
Performing arts projects	Upgrades	Various	177.5	23.5	-	48.0	11.1	17.1	9.6
National Archives Building: Pretoria	Upgrades	Various	605.4	-	-	14.2	55.4	46.0	56.8

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
				2010/11	2011/12	2012/13		2013/14	2014/15	2015/16	2016/17
R million											
National Archives: Old Library Building	Upgrades	Various	117.2	-	-	-	12.8	10.0	13.0	10.0	10.0
National Arts Council	Upgrades	Various	264.6	-	-	-	-	21.0	23.0	27.1	27.1
National Film and Video Foundation	Upgrades	Various	187.8	-	-	-	-	10.0	15.0	20.0	20.0
Freedom Park	Upgrades	Various	81.9	-	-	4.3	-	2.0	9.1	8.2	8.2
Cultural precincts	Upgrades	Various	71.9	-	-	-	-	8.0	15.0	6.0	6.0
Die Erensisgig	Upgrades	Various	1.0	-	-	-	-	1.0	-	-	-
Adams College	Upgrades	Various	26.1	-	-	-	-	1.7	1.6	2.8	2.8
Voortrekker Monument	Upgrades	Various	7.5	-	-	-	-	0.5	0.5	0.8	0.8
Blind South Africa	Upgrades	Various	40.4	0.4	-	-	-	1.3	-	4.8	4.8
<b>Total</b>			<b>8 061.6</b>	<b>447.8</b>	<b>364.3</b>	<b>229.8</b>	<b>509.5</b>	<b>540.1</b>	<b>564.9</b>	<b>594.9</b>	<b>594.9</b>

# Vote 15

## Basic Education

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	347.4	328.9	0.2	18.4	364.7	385.7
Curriculum Policy, Support and Monitoring	1 954.9	1 609.6	344.8	0.6	1 926.1	2 026.1
Teachers, Education Human Resources and Institutional Development	1 268.2	94.6	1 173.1	0.6	1 171.5	1 164.0
Planning, Information and Assessment	10 379.4	400.4	7 066.3	2 912.7	12 448.1	13 224.5
Educational Enrichment Services	5 730.2	46.8	5 683.0	0.3	5 979.8	6 297.2
<b>Total expenditure estimates</b>	<b>19 680.1</b>	<b>2 480.2</b>	<b>14 267.4</b>	<b>2 932.5</b>	<b>21 890.2</b>	<b>23 097.5</b>
Executive authority	Minister of Basic Education					
Accounting officer	Director General of Basic Education					
Website address	<a href="http://www.education.gov.za">www.education.gov.za</a>					

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

### Aim

*Develop, maintain and support a South African school education system for the 21<sup>st</sup> century.*

### Mandate

The Department of Basic Education derives its mandate from the following legislation:

- the National Education Policy Act (1996), which inscribed into law the policies, the legislative and monitoring responsibilities of the Minister of Education, as well as the formal relations between national and provincial authorities
- the South African Schools Act (1996), which promotes access, quality and democratic governance in the schooling system and makes schooling compulsory for children between the ages of 7 and 15 years, to ensure that all learners have right of access to quality education without discrimination
- the Employment of Educators Act (1998), which regulates the professional, moral and ethical responsibilities of educators, as well as the competency requirements for teachers.

### Strategic goals

The department's work is aligned with the government outcome to provide an improved quality of basic education (outcome 1). In line with this, the department's strategic goals over the medium term are to:

- improve the quality of teaching and learning
- improve the quality of early childhood development
- track progress across the education system through regular assessment
- ensure a credible outcomes focused planning and accountability system
- promote learner wellbeing.

## Programme purposes

### Programme 1: Administration

**Purpose:** Manage the department and provide strategic and administrative support services.

### Programme 2: Curriculum Policy, Support and Monitoring

**Purpose:** Develop curriculum and assessment policies, and monitor and support their implementation.

### Programme 3: Teachers, Education Human Resources and Institutional Development

**Purpose:** Promote quality teaching and institutional performance through the effective supply, development and utilisation of human resources.

### Programme 4: Planning, Information and Assessment

**Purpose:** Promote quality and effective service delivery in the basic education system through planning, implementation and assessment.

### Programme 5: Educational Enrichment Services

**Purpose:** Develop policies and programmes to improve the quality of learning in schools.

## Selected performance indicators

**Table 15.1 Basic Education**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new learners enrolled in the Kha Ri Gude mass literacy campaign per year	Curriculum Policy, Support and Monitoring	Outcome 1: Improved quality of basic education	609 199	660 924	678 661	673 743	669 600	547 200	543 600
Number of learners who complete the Kha Ri Gude course per year	Curriculum Policy, Support and Monitoring		486 000	612 450	628 839	538 994	535 680	437 760	434 880
Number of workbooks distributed to schools per year <sup>1</sup>	Curriculum Policy, Support and Monitoring		– <sup>3</sup>	20.9 million	53.4 million	53.7 million	53.8 million	53.8 million	53.8 million
Number of public ordinary schools moderated through school based integrated quality management system evaluations per year	Teachers, Education Human Resources and Institutional Development		7 160	8 407	9 500	8 000	8 000	8 000	8 000
Number of Funza Lushaka bursaries awarded per year	Teachers, Education Human Resources and Institutional Development		10 074	8 733	11 455	14 512	13 500	13 000	12 500
Number and percentage of Funza Lushaka bursary holders graduating each year	Teachers, Education Human Resources and Institutional Development		2 266 (85.1%)	2 486 (93.3%)	2 553 (86%)	3 262 (90%)	3 262 (90%)	3 262 (90%)	3 262 (90%)
Total number of learners captured by the learner unit record information tracking system	Planning, Information and Assessment		10 million	12.6 million	8.9 million	11.9 million	11.9 million	11.9 million	11.9 million
Total number of schools interacting with learner unit record information tracking system	Planning, Information and Assessment		24 000	20 500	20 500	24 365	24 365	24 365	24 365

Table 15.1 Basic Education

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of schools built and completed in the accelerated school infrastructure development initiative project per year	Planning, Information and Assessment	Outcome 1: Improved quality of basic education	- <sup>2</sup>	- <sup>2</sup>	17	60	100	150	183
Number of schools evaluated through the national education evaluation development unit per year	Planning, Information and Assessment		- <sup>3</sup>	74	134	150	230	230	230
Number of districts evaluated through the national education evaluation development unit per year	Planning, Information and Assessment		- <sup>3</sup>	4	15	30	26	26	26
Number of learners fed a meal each school day per year <sup>4</sup>	Educational Enrichment Services		8.1 million	8.9 million	9.2 million	8.7 million	8.7 million	8.7 million	8.7 million
Number of Grade 12 learners enrolled and writing the national curriculum statement examination in mathematics who achieve either a diploma pass or a bachelor pass with a mark of 40% or higher in this subject	Educational Enrichment Services		15 000	24 478	24 478	22 003	23 416	26 125	29 168
Number of Grade 12 learners enrolled and writing the national curriculum statement examination in Physical Science who achieve either a diploma pass or a bachelor pass with a mark of 40% or higher in this subject	Educational Enrichment Services		6 000	13 651	13 651	17 395	19 500	21 000	23 000

1. This is a new indicator as reflected in the department's annual performance plan.

2. The projects associated with these indicators started in 2012/13.

3. No data in these years, as the indicator began in 2011/12.

4. Learners receiving meals from provinces are excluded from 2013/14 onwards.

## The national development plan

The department's action plan and vision for schooling in 2025 and the national development plan's proposals for basic education are complementary. Both focus on the need to improve the quality of education on an ongoing basis. Schools should be adequately and appropriately supported to increase capacity for improved performance, and the department has a number of initiatives in place to best achieve this. Key interventions have been made in improving equity in the provision of quality basic education, ranging from poverty mitigation measures to the provision of hot meals and high quality learner support materials.

The plan calls for resources to be made available to teachers and schools to support learning, with the focus on improving literacy, numeracy, science and language outcomes. To this end, the department will print and deliver 24.8 million volume 1 and 2 workbooks for grades 1 to 9 to 23 673 schools in 2014. In addition, the department will provide 3.2 million Grade R workbooks over the four school terms in 2014 to benefit 810 000 learners in 16 189 public schools in 11 official languages. The department is also piloting the Grade 1 Incremental Introduction of African Languages workbooks and reading books for foundation phase learners to 501 schools across all provinces. Since 2011/12, approximately 114 million books in all the official languages have been distributed to learners across the country at no cost to their parents.

Providing nutritious meals to learners in schools improves attendance and learning capacity, thus ensuring that poor learners can continue to access schooling and have a meaningful school experience. 8.7 million learners

benefited from the school nutrition programme in 2013/14 and the focus in 2014 will be on strengthening and monitoring the programme to ensure that the stipulated criteria are met.

The national development plan calls for 450 000 Grade 12 learners to achieve university entrance passes with mathematics and physical science by 2030. Although the number of Grade 12 learners passing these key subjects has steadily increased, there are still too few taking and passing the subjects to achieve the goals set out in the national development plan. Although the number of Grade 12 mathematics and science candidates at Dinaledi schools has been declining, the number passing these subjects has steadily increased. In 2013, there were 30 719 mathematics passes out of 46 459 candidates, a pass rate of 66 per cent. There were 25 567 physical science passes out of 35 135 candidates, a 72.8 per cent pass rate. However, both the number of candidates and passes need to increase in the period ahead if the plan's goal of trebling university entrance passes by 2030 is to be achieved.

The national development plan calls for all children to have access to at least two years of quality early childhood development before starting Grade 1. In line with this call, there has been an increase in the number of five-year-olds attending educational institutions towards the target of universal access to Grade R by 2014. By 2012, 90 per cent of children entering Grade 1 had been exposed to reception grade schooling, a testament to the massive expansion in access to Grade R over the last four years. The provision of Grade R workbooks to 910 000 learners in 2014 will ensure that those accessing the reception grade are provided with quality learning materials.

It is critical that the expansion of the Funza Lushaka bursary scheme is complemented by ensuring that all graduates are absorbed into the schooling system and deployed in areas of shortage such as mathematics, science and technology, as well as in the foundation phase (especially teaching in African languages), and to rural areas. Expanding and strengthening the Funza Lushaka bursary scheme is in line with the proposal in the national development plan to produce more and better qualified teachers. It is expected that approximately 3 262 graduates will have qualified in 2013 for placement in 2014.

Significant progress has been made in ensuring that more schools comply with the basic level of infrastructure. The department is committed to providing safe drinking water, hygienic and sufficient toilet facilities and electricity, and for all inappropriate structures to be eradicated by 2016/17, in line with the national development plan's objective that all schools meet minimum infrastructure standards for sanitation, classrooms, and libraries by 2016. 433 schools are set to be built over the MTEF period through the accelerated school infrastructure delivery initiative, which is funded by the school infrastructure backlogs grant.

In line with the objective of improving the performance of the education sector, the national education evaluation and development unit adopted a different model for conducting evaluations in 2012. The more focused approach involves a team of two evaluators spending an average of seven days evaluating and compiling a report for each school. A fully capacitated unit is expected to evaluate 230 schools in each year of the MTEF period.

## Expenditure estimates

**Table 15.2 Basic Education**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million						2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	237.7	268.6	307.7	334.1	334.1	12.0%	2.2%	347.4	364.7	385.7	4.9%	1.8%
Curriculum Policy, Support and Monitoring	737.4	1 700.3	1 701.6	1 865.0	1 814.0	35.0%	11.3%	1 954.9	1 926.1	2 026.1	3.8%	9.6%
Teachers, Education Human Resources and Institutional Development	495.9	548.0	828.0	991.7	991.7	26.0%	5.4%	1 268.2	1 171.5	1 164.0	5.5%	5.7%
Planning, Information and Assessment	3 320.5	5 574.8	6 897.9	8 994.1	7 553.5	31.5%	44.4%	10 379.4	12 448.1	13 224.5	20.5%	54.0%
Educational Enrichment Services	3 886.4	4 809.2	5 150.7	5 434.4	5 424.7	11.8%	36.6%	5 730.2	5 979.8	6 297.2	5.1%	29.0%
<b>Total</b>	<b>8 677.9</b>	<b>12 900.9</b>	<b>14 885.9</b>	<b>17 619.3</b>	<b>16 117.9</b>	<b>22.9%</b>	<b>100.0%</b>	<b>19 680.1</b>	<b>21 890.2</b>	<b>23 097.5</b>	<b>12.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				27.4	(1 474.0)			(261.1)	(1 133.3)	(1 152.0)		

Table 15.2 Basic Education

Economic classification	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16			2016/17
R million													
<b>Current payments</b>	<b>1 128.5</b>	<b>1 971.5</b>	<b>2 067.2</b>	<b>2 277.7</b>	<b>2 267.7</b>	<b>26.2%</b>	<b>14.1%</b>	<b>2 480.2</b>	<b>2 482.1</b>	<b>2 624.3</b>	<b>5.0%</b>	<b>12.2%</b>	
Compensation of employees	252.9	295.4	325.2	388.2	388.2	15.4%	2.4%	414.7	438.0	466.9	6.3%	2.1%	
Goods and services	824.0	1 623.6	1 690.6	1 828.8	1 818.8	30.2%	11.3%	2 016.5	1 996.6	2 111.1	5.1%	9.8%	
of which:													
Consumable: Stationery, printing and office supplies	39.1	517.4	688.9	119.4	119.4	45.0%	2.6%	205.4	222.5	234.4	25.2%	1.0%	
Property payments	66.4	67.4	73.9	71.3	71.3	2.4%	0.5%	90.7	99.8	117.6	18.2%	0.5%	
Travel and subsistence	46.2	98.9	109.9	95.9	95.9	27.5%	0.7%	90.6	94.9	100.4	1.6%	0.5%	
Operating payments	557.6	788.6	616.7	1 318.7	1 313.7	33.1%	6.2%	1 415.1	1 353.6	1 423.0	2.7%	6.8%	
Interest and rent on land	51.5	52.5	51.5	60.7	60.7	5.6%	0.4%	49.0	47.5	46.3	-8.6%	0.3%	
<b>Transfers and subsidies</b>	<b>7 536.6</b>	<b>10 838.6</b>	<b>11 940.9</b>	<b>13 390.4</b>	<b>12 856.2</b>	<b>19.5%</b>	<b>82.1%</b>	<b>14 267.4</b>	<b>16 984.4</b>	<b>17 880.7</b>	<b>11.8%</b>	<b>76.7%</b>	
Provinces and municipalities	7 078.6	10 357.7	11 205.9	12 370.6	11 836.5	18.7%	77.0%	13 169.5	15 827.0	16 662.0	12.1%	71.2%	
Departmental agencies and accounts	448.4	468.0	714.4	991.7	991.7	30.3%	5.0%	1 055.0	1 104.0	1 162.5	5.4%	5.3%	
Foreign governments and international organisations	9.4	10.5	12.0	12.0	12.0	8.8%	0.1%	12.8	13.3	14.0	5.3%	0.1%	
Non-profit institutions	0.1	0.1	6.1	15.1	15.1	570.2%	0.0%	30.1	40.1	42.2	41.0%	0.2%	
Households	0.2	2.4	2.6	1.0	1.0	74.2%	0.0%	-	-	-	-100.0%	0.0%	
<b>Payments for capital assets</b>	<b>12.8</b>	<b>90.8</b>	<b>877.8</b>	<b>1 951.2</b>	<b>994.0</b>	<b>326.9%</b>	<b>3.8%</b>	<b>2 932.5</b>	<b>2 423.8</b>	<b>2 592.5</b>	<b>37.7%</b>	<b>11.1%</b>	
Buildings and other fixed structures	5.9	85.3	872.5	1 943.7	986.4	449.4%	3.7%	2 924.1	2 416.8	2 585.5	37.9%	11.0%	
Machinery and equipment	5.6	5.4	5.2	7.5	7.5	9.8%	0.0%	8.4	6.8	6.8	-2.8%	0.0%	
Software and other intangible assets	1.2	0.1	0.1	0.1	0.1	-64.2%	0.0%	0.1	0.1	0.1	32.5%	0.0%	
<b>Total</b>	<b>8 677.9</b>	<b>12 900.9</b>	<b>14 885.9</b>	<b>17 619.3</b>	<b>16 117.9</b>	<b>22.9%</b>	<b>100.0%</b>	<b>19 680.1</b>	<b>21 890.2</b>	<b>23 097.5</b>	<b>12.7%</b>	<b>100.0%</b>	

## Personnel information

Table 15.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Salary level	Number of posts estimated for 31 March 2014	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17		
Basic Education			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
797	4		725	325.2	0.4	749	388.2	0.5	797	414.7	0.5	797	438.0	0.5	797	466.9	0.6	2.1%	100.0%
1 - 6	209	2	182	37.5	0.2	164	39.8	0.2	209	42.1	0.2	209	44.5	0.2	209	47.5	0.2	8.4%	25.2%
7 - 10	292	-	287	87.5	0.3	289	95.9	0.3	292	105.7	0.4	292	111.7	0.4	292	119.1	0.4	0.3%	37.1%
11 - 12	203	-	157	84.0	0.5	203	121.8	0.6	203	128.7	0.6	203	136.0	0.7	203	145.0	0.7	-	25.9%
13 - 16	91	2	97	80.9	0.8	91	89.8	1.0	91	91.6	1.0	91	96.8	1.1	91	103.2	1.1	-	11.6%
Other	2	-	2	35.3	17.7	2	41.0	20.5	2	46.5	23.3	2	48.9	24.5	2	52.2	26.1	-	0.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on accelerating the delivery and improvement of school infrastructure projects through transfers from the education infrastructure grant to provinces and payments for capital assets from the school infrastructure backlogs conditional grant, where the department will take responsibility for the delivery of projects. These grants account for the bulk of spending increases over the medium term, particularly in the *Planning, Information and Assessment* programme. Increased spending on these grants grew the department's overall expenditure by 15.4 per cent in 2012/13 and 18.2 per cent in 2013/14 in support of government's commitment to ensure that learning and teaching take place in safe and secure buildings.

To give effect to Cabinet approved budget reductions, R1.2 billion over the medium term has been reduced from spending on the school infrastructure backlogs grant and R1.4 billion over the medium term has been reduced

from the education infrastructure grant. The reductions to the school infrastructure grant align this allocation more closely with the ability of the sector to deliver school infrastructure and extend the deadline for addressing the school infrastructure backlog by one year, from 2015/16 to 2016/17. Despite these reductions, the education infrastructure grant is expected to grow by an average annual 14.8 per cent over the medium term, thereby ensuring that school infrastructure delivery by provincial education departments remains a priority.

After infrastructure, spending on operating payments is the second largest item of expenditure over the medium term. Spending on this item mainly provides funding for: the Kha Ri Gude mass literacy project, which aims to provide an additional 1.8 million adults with an opportunity to become literate over the medium term; and workbooks for grades 1 to 9 to improve learner performance in the foundational learning areas of literacy and numeracy. The Kha Ri Gude project expects to reach the initial target of 4.7 million adult learners by 2016, after which the programme will begin to wind down. Cabinet approved reductions of R10 million in 2014/15, R130 million in 2015/16 and R140 million in 2016/17 have been effected on the project in anticipation of this.

The department has a funded establishment of 797 posts, of which 749 were filled at the end of November 2013. The number of filled posts increased from 725 in 2012/13 to 749 in 2013/14, due to appointments in home schooling in the inclusive education directorate in the *Curriculum Policy, Support and Monitoring* programme. In addition, the *Curriculum and Professional Development Unit*, a new subprogramme in the *Teachers, Education Human Resources and Institutional Development* programme, is expected to become fully operational at the end of 2013/14. The department had 4 posts additional to the establishment at the end of November 2013. These posts are used in the ministry, mainly for project management. In order to comply with the frameworks for the Dinaledi schools and technical secondary school recapitalisation conditional grants, 6 project managers will be appointed in 2014/15 to assist with monitoring performance and spending in the provinces.

The 2014 Budget includes Cabinet approved additional allocations of R213 million in 2014/15 and R67 million in 2015/16 for the new conditional grant for the occupation specific dispensation for therapists in the education sector, R53 million in 2014/15 and R40 million in 2015/16 to be added to the education infrastructure grant for the repair of school infrastructure damaged by disasters, as well as the following additional Cabinet approved reductions:

- R231 million in 2014/15, R479 million in 2015/16 and R456 million in 2016/17 from the school infrastructure backlog grant
- R1.4 million in 2014/15, R1.4 million in 2015/16 and R1.5 million in 2016/17 to be effected through implementing efficiency measures on expenditure on goods and services across all programmes
- R284 million in 2014/15, R630 million in 2015/16 and R554.5 million in 2016/17 from the education infrastructure grant.

### Infrastructure spending

The education infrastructure grant is used to supplement the infrastructure programme in provinces to accelerate construction, maintenance, upgrade and rehabilitation of new and existing school infrastructure. The grant is also used to enhance capacity to deliver infrastructure projects in education. R26.4 billion over the medium term is allocated to this grant.

The school infrastructure backlogs grant was introduced in 2011/12. It aims to eradicate and replace inappropriate school infrastructure, such as mud school buildings and other unsafe structures. It also aims to ensure that all schools have access to basic services, such as water, sanitation and electricity. R8 billion has been allocated to this grant over the MTEF period to replace inappropriate infrastructure in 510 schools, and provide water to 1 120 schools, sanitation to 741 schools and electricity to 916 schools. Between 2013/14 and 2014/15, 160 schools with inappropriate infrastructure are to be replaced, with a further 433 planned for replacement between 2014/15 and 2016/17.

R734.9 million over the MTEF period has been allocated for the technical secondary schools recapitalisation conditional grant to build, refurbish and resource new and existing teaching spaces, including technology workshops and classrooms. 19 new workshops are set to be built, 166 workshops are set to be refurbished, 226 workshops are set to be appropriately equipped and 2 732 technology teachers are set to be trained in 2014/15.

## Departmental receipts

Table 15.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2010/11 - 2013/14	2014/15		
R thousand												
<b>Departmental receipts</b>	<b>1 660</b>	<b>12 731</b>	<b>8 029</b>	<b>11 340</b>	<b>10 797</b>	<b>86.7%</b>	<b>100.0%</b>	<b>8 553</b>	<b>6 080</b>	<b>6 297</b>	<b>-16.5%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>1 270</b>	<b>12 148</b>	<b>5 929</b>	<b>5 419</b>	<b>10 664</b>	<b>103.3%</b>	<b>90.3%</b>	<b>4 429</b>	<b>1 537</b>	<b>1 647</b>	<b>-46.3%</b>	<b>57.6%</b>
Sales by market establishments	214	121	118	125	125	-16.4%	1.7%	125	125	125	-	1.6%
of which:												
Market establishment: Rental parking: Covered and open	214	121	118	125	125	-16.4%	1.7%	125	125	125	-	1.6%
Administration fees	980	11 944	5 727	5 200	10 445	120.1%	87.6%	4 200	1 300	1 400	-48.8%	54.7%
of which:												
Services rendered: Exam certificates	980	1 198	1 306	1 200	1 000	0.7%	13.5%	1 200	1 300	1 400	11.9%	15.4%
Academic services: Course material	-	10 746	3 707	4 000	9 445	-	71.9%	3 000	-	-	-100.0%	39.2%
Sales: Tender documents	-	-	550	-	-	-	1.7%	-	-	-	-	-
Sales: Entrance fees	-	-	164	-	-	-	0.5%	-	-	-	-	-
Other sales	76	83	84	94	94	7.3%	1.0%	104	112	122	9.1%	1.4%
of which:												
Services rendered: Commission on insurance and garnishees	76	80	81	92	92	6.6%	1.0%	102	110	120	9.3%	1.3%
Replacement of security cards	-	3	3	2	2	-	-	2	2	2	-	-
Transfers received	-	-	501	346	-	-	1.5%	-	-	-	-	-
Fines, penalties and forfeits	-	2	-	-	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	379	100	446	5 392	3	-80.1%	2.8%	4 000	4 500	4 600	1053.1%	41.3%
Interest	379	100	446	5 392	3	-80.1%	2.8%	4 000	4 500	4 600	1053.1%	41.3%
Transactions in financial assets and liabilities	11	481	1 153	183	130	127.8%	5.3%	124	43	50	-27.3%	1.1%
<b>Total</b>	<b>1 660</b>	<b>12 731</b>	<b>8 029</b>	<b>11 340</b>	<b>10 797</b>	<b>86.7%</b>	<b>100.0%</b>	<b>8 553</b>	<b>6 080</b>	<b>6 297</b>	<b>-16.5%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 15.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Ministry	21.6	24.7	22.9	26.9	7.6%	8.4%	24.6	25.9	27.5	0.7%	7.3%
Department Management	26.5	37.4	60.4	62.1	32.9%	16.2%	65.8	69.3	73.6	5.8%	18.9%
Corporate Services	34.6	39.2	44.8	48.5	12.0%	14.6%	49.1	51.6	54.7	4.1%	14.2%
Office of the Chief Financial Officer	26.9	34.7	36.3	41.1	15.2%	12.1%	44.1	46.4	49.3	6.2%	12.6%
Internal Audit	1.5	2.4	4.3	5.6	55.0%	1.2%	5.1	5.4	5.7	0.6%	1.5%
Office Accommodation	126.7	130.1	139.0	149.8	5.8%	47.5%	158.8	166.1	174.9	5.3%	45.4%
<b>Total</b>	<b>237.7</b>	<b>268.6</b>	<b>307.7</b>	<b>334.1</b>	<b>12.0%</b>	<b>100.0%</b>	<b>347.4</b>	<b>364.7</b>	<b>385.7</b>	<b>4.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(1.5)			(8.8)	(9.2)	385.7		
<b>Economic classification</b>											
<b>Current payments</b>	<b>227.5</b>	<b>255.7</b>	<b>291.0</b>	<b>316.0</b>	<b>11.6%</b>	<b>95.0%</b>	<b>328.9</b>	<b>346.1</b>	<b>374.3</b>	<b>5.8%</b>	<b>95.3%</b>
Compensation of employees	63.9	81.1	97.5	115.8	21.9%	31.2%	120.2	127.0	135.4	5.3%	34.8%
Goods and services	112.1	122.1	142.1	139.5	7.6%	44.9%	159.6	171.6	192.6	11.3%	46.3%
of which:											
Consumable: Stationery, printing and office supplies	2.7	2.5	8.1	2.7	0.2%	1.4%	3.8	4.0	4.1	14.8%	1.0%
Property payments	66.4	67.4	73.9	71.3	2.4%	24.3%	90.7	99.8	117.6	18.2%	26.5%
Travel and subsistence	8.9	13.2	17.2	13.1	13.6%	4.6%	14.8	15.3	16.0	7.0%	4.1%
Operating payments	1.2	0.6	1.4	8.3	88.4%	1.0%	0.9	1.0	1.0	-50.5%	0.8%
Interest and rent on land	51.5	52.5	51.5	60.7	5.6%	18.8%	49.0	47.5	46.3	-8.6%	14.2%
Transfers and subsidies	<b>0.2</b>	<b>0.6</b>	<b>0.3</b>	<b>0.3</b>	<b>20.4%</b>	<b>0.1%</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>-13.4%</b>	<b>0.1%</b>
Departmental agencies and accounts	0.1	0.2	0.2	0.2	5.3%	0.1%	0.2	0.2	0.2	5.3%	0.1%
Households	0.0	0.4	0.1	0.1	66.1%	0.1%	-	-	-	-100.0%	-

Table 15.5 Administration

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
Payments for capital assets	10.0	12.4	16.4	17.8	21.1%	4.9%	18.4	18.4	11.2	-14.3%	4.6%
Buildings and other fixed structures	5.9	9.2	12.9	12.6	28.4%	3.5%	12.8	14.2	7.2	-16.9%	3.3%
Machinery and equipment	3.9	3.1	3.5	5.1	10.0%	1.4%	5.6	4.1	3.8	-9.2%	1.3%
Software and other intangible assets	0.2	0.1	0.1	0.1	-34.9%	-	0.1	0.1	0.1	32.5%	-
<b>Total</b>	<b>237.7</b>	<b>268.6</b>	<b>307.7</b>	<b>334.1</b>	<b>12.0%</b>	<b>100.0%</b>	<b>347.4</b>	<b>364.7</b>	<b>385.7</b>	<b>4.9%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	2.7%	2.1%	2.1%	1.9%			1.8%	1.7%	1.7%		

## Personnel information

Table 15.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary level	300	4	227	97.5	0.4	252	115.8	0.5	300	120.2	0.4	300	127.0	0.4	300	135.4	0.5	6.0%	100.0%
1 - 6	129	2	86	20.4	0.2	84	23.3	0.3	129	25.0	0.2	129	26.4	0.2	129	28.1	0.2	15.4%	40.9%
7 - 10	92	-	75	24.4	0.3	89	27.8	0.3	92	29.8	0.3	92	31.4	0.3	92	33.5	0.4	1.1%	31.7%
11 - 12	37	-	30	17.5	0.6	37	20.3	0.5	37	21.8	0.6	37	23.0	0.6	37	24.5	0.7	-	12.8%
13 - 16	40	2	34	32.0	0.9	40	40.4	1.0	40	39.6	1.0	40	41.8	1.0	40	44.6	1.1	-	13.9%
Other	2	-	2	3.2	1.6	2	3.9	1.9	2	4.2	2.1	2	4.4	2.2	2	4.7	2.3	-	0.7%

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

2. Rand million.

## Expenditure trends

The bulk of spending in this programme over the medium term is in the *Office Accommodation* subprogramme, from where the public private partnership unitary fee for the office building the department occupied in February 2010 is paid.

The increased expenditure in the *Department Management* subprogramme in 2013/14 was mainly due to the additional costs associated with interventions in Eastern Cape and Limpopo in 2011/12, when the department took over the management of the provincial education departments in these provinces. This required additional oversight related expenditure, which accounts for the increases in spending on goods and services items, such as consultants and travel and subsistence, in that year. The interventions also explain the decrease in expenditure in the *Ministry* subprogramme in 2012/13, as funds were shifted from that subprogramme to the *Department Management* subprogramme. In addition to assisting with the interventions, consultants were contracted to provide advice on legal matters, such as the gazetting of minimum norms and standards for school infrastructure.

The department has a funded establishment of 300 posts for this programme, of which 252 posts were filled at the end of November 2013. These vacancies are mainly due to delays in recruitment after internal promotions and natural attrition. The department plans to fill them by the end of 2013/14 and over the medium term. There were 4 posts filled additional to the establishment and these are mainly for project management activities.

The department has reprioritised funding from the *Planning, Information and Assessment* programme to this programme to fund the newly created technical support unit in the *Department Management* subprogramme. This accounts for the increased expenditure on consultants providing business and advisory services over the medium term. This unit will support the coordination and implementation of the sector wide programme of action. This in turn will provide technical support to provinces for the improved delivery of key initiatives.

## Programme 2: Curriculum Policy, Support and Monitoring

### Objectives

- Improve overall educational performance in the long term by increasing the number of five-year-old learners enrolled in publicly funded Grade R classes in public and independent primary schools and community based early childhood development sites from 734 650 in 2011 to 950 000 learners by 2014/15.
- Reduce the number of illiterate adults in South Africa by 4.7 million by 2015/16 through the Kha Ri Gude mass literacy campaign.
- Increase literacy and contribute to job creation by recruiting and training 41 870 volunteer educators for the Kha Ri Gude mass literacy campaign in 2014/15.
- Improve the learning and teaching of critical foundational skills by developing, printing and distributing literacy/languages, numeracy/mathematics, and English first additional language workbooks to all learners from grades R to 9 each year.
- Improve the quality of mathematics, science and technology education in order to increase the number of matric mathematics and science passes at all Dinaledi schools by providing additional learner and teacher support materials as well as additional training for mathematics and science teachers and monitoring the performance and participation of all Dinaledi schools in these subjects over the MTEF period.
- Improve the capacity of technical secondary schools to contribute to skills development and training in the country by providing the following assistance in 2014/15:
  - building 19 new workshops in technical schools to support the technical subject offerings
  - refurbishing, upgrading and re-designing 166 existing workshops in technical schools to comply with safety laws and regulations and minimum industry standards
  - installing new equipment at 226 workshops in technical schools
  - providing training in the practical elements of the various technical subjects to 2 732 technical school teachers.

### Subprogrammes

- *Programme Management: Curriculum Policy, Support and Monitoring* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 3 in 2013/14.
- *Curriculum Implementation and Monitoring* supports and monitors the implementation of the national strategy for learner attainment framework, which aims to monitor and improve quality and teaching, particularly in mathematics, science, technology and languages, in all schools from grades R to 12. In 2014/15, R111 million will be used to support mathematics, science and technology programmes through the Dinaledi schools conditional grant. This subprogramme had a staff complement of 54 in 2013/14.
- *Kha Ri Gude Literacy Project* expands the provision of basic literacy education to adults. There were 42 371 registered volunteer educators, supervisors, coordinators and monitors in 2013/14. R429 million was used to pay stipends to these volunteers, who enabled 673 743 adults to gain literacy and numeracy skills. This subprogramme had a staff complement of 11 in 2013/14.
- *Curriculum and Quality Enhancement Programmes* is discussed in more detail below.

## Expenditure estimates

Table 15.7 Curriculum Policy, Support and Monitoring

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Programme Management: Curriculum Policy, Support and Monitoring	0.8	2.0	2.7	2.7	51.9%	0.1%	2.5	2.6	2.8	1.0%	0.1%
Curriculum Implementation and Monitoring	89.3	237.7	228.6	263.7	43.5%	13.6%	267.8	280.4	295.7	3.9%	14.3%
Kha Ri Gude Literacy Project	466.8	497.3	572.5	608.9	9.3%	35.7%	634.9	544.7	570.5	-2.1%	30.4%
Curriculum and Quality Enhancement Programmes	180.6	963.3	897.9	989.7	76.3%	50.5%	1 049.8	1 098.4	1 157.2	5.4%	55.3%
<b>Total</b>	<b>737.4</b>	<b>1 700.3</b>	<b>1 701.6</b>	<b>1 865.0</b>	<b>36.2%</b>	<b>100.0%</b>	<b>1 954.9</b>	<b>1 926.1</b>	<b>2 026.1</b>	<b>2.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				341.4			335.6	231.5	2 026.1		

## Economic classification

<b>Current payments</b>	<b>672.3</b>	<b>1 421.4</b>	<b>1 406.4</b>	<b>1 523.5</b>	<b>31.3%</b>	<b>83.7%</b>	<b>1 609.6</b>	<b>1 564.9</b>	<b>1 645.8</b>	<b>2.6%</b>	<b>81.6%</b>
Compensation of employees	52.0	63.9	65.8	73.2	12.1%	4.2%	78.1	82.5	87.9	6.3%	4.1%
Goods and services	620.4	1 357.5	1 340.7	1 450.3	32.7%	79.4%	1 531.5	1 482.4	1 557.9	2.4%	77.5%
of which:											
Consumable: Stationery, printing and office supplies	33.0	508.0	666.0	76.0	32.0%	21.4%	55.2	64.9	68.3	-3.5%	3.4%
Travel and subsistence	4.9	16.9	9.7	8.6	20.4%	0.7%	7.7	8.3	8.8	0.7%	0.4%
Operating payments	541.7	784.0	610.7	1 303.9	34.0%	54.0%	1 410.1	1 348.4	1 417.3	2.8%	70.5%
<b>Transfers and subsidies</b>	<b>64.7</b>	<b>278.6</b>	<b>294.8</b>	<b>340.9</b>	<b>74.0%</b>	<b>16.3%</b>	<b>344.8</b>	<b>360.6</b>	<b>379.8</b>	<b>3.7%</b>	<b>18.3%</b>
Provinces and municipalities	64.5	278.4	294.3	340.8	74.2%	16.3%	344.7	360.5	379.6	3.7%	18.3%
Foreign governments and international organisations	0.1	-	0.1	0.1	2.3%	-	0.1	0.1	0.1	5.0%	-
Households	0.1	0.2	0.4	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>	<b>0.6</b>	<b>12.5%</b>	<b>-</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>-1.4%</b>	<b>-</b>
Machinery and equipment	0.4	0.3	0.4	0.6	16.4%	-	0.6	0.6	0.6	-1.4%	-
<b>Total</b>	<b>737.4</b>	<b>1 700.3</b>	<b>1 701.6</b>	<b>1 865.0</b>	<b>36.2%</b>	<b>100.0%</b>	<b>1 954.9</b>	<b>1 926.1</b>	<b>2 026.1</b>	<b>2.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>8.5%</b>	<b>13.2%</b>	<b>11.4%</b>	<b>10.6%</b>			<b>9.9%</b>	<b>8.8%</b>	<b>8.8%</b>		

## Details of selected transfers and subsidies

<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Current</b>	-	67.9	95.6	109.2	-	4.5%	111.2	116.3	122.5	3.9%	5.9%
Dinaledi schools grant	-	67.9	95.6	109.2	-	4.5%	111.2	116.3	122.5	3.9%	5.9%
<b>Capital</b>	64.5	210.5	198.7	231.5	53.1%	11.7%	233.5	244.2	257.2	3.6%	12.4%
Technical secondary schools recapitalisation grant	64.5	210.5	198.7	231.5	53.1%	11.7%	233.5	244.2	257.2	3.6%	12.4%

## Personnel information

Table 15.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Curriculum Policy, Support and Monitoring	Salary level	Number of posts estimated for 31 March 2014	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number		
					Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)	
					2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17
					Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost
	95	-	95	65.8	0.7	95	73.2	0.8	95	78.1	0.8	95	82.5	0.9	95	87.9	0.9	-	100.0%
	18	-	22	4.3	0.2	18	4.1	0.2	18	4.4	0.2	18	4.6	0.3	18	4.9	0.3	-	18.9%
	19	-	20	6.5	0.3	19	7.5	0.4	19	8.0	0.4	19	8.5	0.4	19	9.0	0.5	-	20.0%
	44	-	37	22.6	0.6	44	30.2	0.7	44	32.4	0.7	44	34.3	0.8	44	36.5	0.8	-	46.3%
	14	-	16	13.2	0.8	14	13.5	1.0	14	14.6	1.0	14	15.4	1.1	14	16.4	1.2	-	14.7%
	-	-	-	19.2	-	-	18.0	-	-	18.7	-	-	19.7	-	-	21.0	-	-	-

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

2. Rand million.

## Expenditure trends

The spending focus over the MTEF period will be on improving curriculum delivery, particularly through ensuring access to high quality learner and teacher support materials. Workbooks for grades R to 9 are developed and distributed through the *Curriculum and Quality Enhancement Programmes* subprogramme. The workbooks are complemented by the Dinaledi schools and technical secondary schools conditional grants in the *Curriculum Implementation and Monitoring* subprogramme, providing more focused support to selected schools in mathematics, science and technology. Additional allocations for these grants account for the growth in expenditure in the *Curriculum Implementation and Monitoring* subprogramme, which is also reflected as transfers and subsidies to provincial departments.

Spending on the *Kha Ri Gude Literacy Project* subprogramme increased between 2010/11 and 2013/14, mainly due to additional allocations for the project through the introduction of the expanded public works incentive grant in 2011/12. As additional funds could be accessed through this grant if specified job opportunity targets for volunteer facilitators are met, this increased expenditure on goods and services over this period and is expected to have the same effect in 2014/15. With an allocation of R1.8 billion over the medium term, this project has to date provided 2.9 million adults with the opportunity to become numerate and literate in one of the 11 official languages. In 2013/14, the project registered 673 743 additional learners and provided a stipend to 42 371 volunteer facilitators. As the project expects to reach the initial target of 4.7 million literate adults by 2015/16, its allocation has been reduced by R280 million over the medium term as it will begin to wind down as a mass based intervention.

## Subprogramme: Curriculum and Quality Enhancement Programmes

The subprogramme supports programmes that enhance curriculum outcomes in the basic education system. A key project is to ensure the development of literacy, numeracy and mathematics workbooks for grades R to 9 and that these workbooks are printed and delivered to learners. Other activities include curriculum enhancement programmes using ICT, establishing e-learning in schools and evaluating school performance. The establishment of the e-learning unit and development of e-learning resources in mathematics and science will promote and increase the participation of learners in these subjects. This subprogramme had a staff complement of 27 in 2013/14.

## Expenditure estimates

**Table 15.9 Curriculum and Quality Enhancement Programmes**

Economic classification	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Current payments</b>	<b>180.4</b>	<b>895.3</b>	<b>802.1</b>	<b>880.2</b>	<b>69.6%</b>	<b>91.0%</b>	<b>938.3</b>	<b>981.9</b>	<b>1 034.4</b>	<b>5.5%</b>	<b>89.3%</b>
Compensation of employees	24.4	32.6	32.4	35.3	13.1%	4.1%	38.3	40.4	43.1	6.8%	3.7%
Goods and services	156.0	862.7	769.7	844.8	75.6%	86.9%	900.0	941.4	991.3	5.5%	85.6%
of which:											
Consumable: Stationery, printing and office supplies	9.6	503.5	631.4	0.3	-68.4%	37.8%	0.1	0.1	0.2	-20.5%	-
Travel and subsistence	1.6	13.0	3.3	2.3	14.1%	0.7%	1.9	2.0	2.1	-4.0%	0.2%
Operating payments	141.5	336.3	126.7	835.1	80.7%	47.5%	895.8	937.0	986.7	5.7%	85.1%
<b>Transfers and subsidies</b>	<b>-</b>	<b>67.9</b>	<b>95.6</b>	<b>109.2</b>	<b>-</b>	<b>9.0%</b>	<b>111.2</b>	<b>116.3</b>	<b>122.5</b>	<b>3.9%</b>	<b>10.7%</b>
Provinces and municipalities	-	67.9	95.6	109.2	-	9.0%	111.2	116.3	122.5	3.9%	10.7%
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>7.3%</b>	<b>-</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.7%</b>	<b>-</b>
Machinery and equipment	0.2	0.1	0.1	0.3	13.6%	-	0.3	0.3	0.3	0.7%	-
<b>Total</b>	<b>180.6</b>	<b>963.3</b>	<b>897.9</b>	<b>989.7</b>	<b>76.3%</b>	<b>100.0%</b>	<b>1 049.8</b>	<b>1 098.4</b>	<b>1 157.2</b>	<b>5.4%</b>	<b>100.0%</b>
Proportion of total subprogramme expenditure to programme expenditure	24.5%	56.7%	52.8%	53.1%			53.7%	57.0%	57.1%		

## Personnel information

Table 15.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost		
Curriculum and Quality Enhancement Programmes																			
Salary Level	27	-	27	32.40	1.20	27	35.34	1.31	27	38.29	1.42	27	40.44	1.50	27	43.11	1.60	-	100.0%
1 - 6	4	-	4	1.06	0.26	4	1.13	0.28	4	1.21	0.30	4	1.28	0.32	4	1.36	0.34	-	14.8%
7 - 10	8	-	8	2.97	0.37	8	3.59	0.45	8	3.83	0.48	8	4.04	0.50	8	4.31	0.54	-	29.6%
11 - 12	11	-	11	7.91	0.72	11	9.13	0.83	11	9.73	0.88	11	10.27	0.93	11	10.95	1.00	-	40.7%
13 - 16	4	-	4	1.67	0.42	4	4.55	1.14	4	4.85	1.21	4	5.12	1.28	4	5.46	1.37	-	14.8%
Other	-	-	-	18.79	-	-	16.94	-	-	18.68	-	-	19.73	-	-	21.03	-	-	-

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

2. Rand million.

## Expenditure trends

The bulk of spending in this subprogramme goes towards the workbooks project, through which the department ensures access to quality learner support materials. The project is responsible for the bulk of the increase in spending on goods and services between 2010/11 and 2013/14. Using the allocation of R859.3 million in 2013/14, 53 740 860 literacy and numeracy workbooks for grades R to 9 were developed and printed in all 11 official languages in preparation for 2014.

The scope of the project will be expanded over the medium term to include the development and printing of Braille workbooks. This will be funded from the savings of R2 million realised from bringing the development of workbook content in-house, thus eliminating the need to spend on consultants.

## Programme 3: Teachers, Education Human Resources and Institutional Development

### Objectives

- Improve school management by developing the South African standards for principals by the start of 2015 to define the role of school principals and key aspects of their professionalism, image and competencies; and by establishing learning networks for principals in June 2014 where they can share good practice in management and leadership.
- Improve teacher performance in mathematics and English first additional language by providing self-appraisal tools and an updated guide of available teacher development programmes in these subjects to teachers in 2014/15.
- Improve the quality of teaching and learning by ensuring an adequate supply of young, inspired and qualified recruits in the system by awarding 13 500 Funza Lushaka bursaries to prospective teachers in 2014/15.
- Improve classroom management, teaching and learning over the medium term by ensuring that 80 per cent of learners are in a class with not more than 45 learners in 2014.
- Strengthen teaching and learning by monitoring the implementation of the integrated quality management system through 8 000 school visits by external moderators in 2014/15, and providing each school with a report on the moderators' findings and recommendations.

### Subprogrammes

- *Programme Management: Teachers, Education Human Resources and Institutional Development* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 3 in 2013/14.

- *Education Human Resources Management* is responsible for education human resources planning; provisioning and monitoring; educator performance management and development; whole school evaluation, and education labour relations and conditions of service. In 2013/14, R41.2 million was spent on the integrated quality management system project, in which 68 external moderators monitored teacher evaluations at 8 000 schools countrywide and issued monitoring reports with recommendations to each of them. This subprogramme had a staff complement of 88, including 68 moderators appointed on an annual contract, in 2013/14.
- *Education Human Resources Development* oversees the integrated strategic planning framework for teacher education and development in South Africa and translates it into a wide range of teacher development materials and collaborative professional development activities; directs the teacher recruitment campaign and improves district support to schools for effective teaching and learning. In 2013/14, R894 million was spent on the Funza Lushaka teacher bursary programme, which provided bursaries to 14 512 students, of which approximately 3 262 will enter the teaching profession in 2014. This subprogramme had a staff complement of 43 in 2013/14.
- *Curriculum and Professional Development Unit* manages and develops innovative programmes for an effective teacher development system. This entails curriculum research, teacher development research and teacher development implementation. In 2014/15, the diagnostic assessment and teacher education development ICT system will be implemented to provide easy access to professional development courses, at a cost of R5.4 million. The tools and short courses for the system were developed in 2013/14. This subprogramme had a staff complement of 4 in 2013/14.

## Expenditure estimates

**Table 15.11 Teachers, Education Human Resources and Institutional Development**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13		2010/11	2013/14	2014/15	2015/16	2016/17	2013/14	2016/17
R million											
Programme Management: Teachers, Education Human Resources and Institutional Development	3.1	3.0	2.5	1.4	-22.7%	0.4%	1.9	2.0	2.1	13.1%	0.2%
Education Human Resources Management	48.5	55.7	62.0	66.5	11.1%	8.1%	284.9	142.6	80.3	6.5%	12.5%
Education Human Resources Development	444.3	489.3	759.8	914.9	27.2%	91.1%	969.5	1 014.2	1 068.2	5.3%	86.3%
Curriculum and Professional Development Unit	-	-	3.7	8.8	-	0.4%	12.1	12.7	13.4	14.8%	1.0%
<b>Total</b>	<b>495.9</b>	<b>548.0</b>	<b>828.0</b>	<b>991.7</b>	<b>26.0%</b>	<b>100.0%</b>	<b>1 268.2</b>	<b>1 171.5</b>	<b>1 164.0</b>	<b>5.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				7.0			224.2	78.7	1 164.0		
<b>Economic classification</b>											
<b>Current payments</b>	<b>61.3</b>	<b>87.9</b>	<b>136.1</b>	<b>84.7</b>	<b>11.4%</b>	<b>12.9%</b>	<b>94.6</b>	<b>99.7</b>	<b>105.9</b>	<b>7.7%</b>	<b>8.4%</b>
Compensation of employees	46.6	51.7	48.8	63.5	10.9%	7.4%	72.5	76.6	81.6	8.8%	6.4%
Goods and services	14.7	36.2	87.3	21.2	13.0%	5.6%	22.0	23.1	24.3	4.6%	2.0%
of which:											
Consumable: Stationery, printing and office supplies	0.9	4.3	8.4	1.6	21.3%	0.5%	1.3	1.4	1.5	-3.2%	0.1%
Travel and subsistence	9.4	21.5	26.7	14.4	15.4%	2.5%	14.1	14.9	16.0	3.6%	1.3%
Operating payments	0.1	0.3	2.0	0.0	-30.9%	0.1%	0.2	0.2	0.2	87.8%	-
<b>Transfers and subsidies</b>	<b>434.3</b>	<b>460.0</b>	<b>691.6</b>	<b>906.6</b>	<b>27.8%</b>	<b>87.0%</b>	<b>1 173.1</b>	<b>1 071.3</b>	<b>1 057.5</b>	<b>5.3%</b>	<b>91.6%</b>
Provinces and municipalities	-	-	-	-	-	-	213.0	67.0	-	-	6.1%
Departmental agencies and accounts	425.0	449.4	671.9	893.9	28.1%	85.2%	947.5	991.1	1 043.6	5.3%	84.3%
Foreign governments and international organisations	9.3	10.5	11.9	11.9	8.8%	1.5%	12.6	13.2	13.9	5.3%	1.1%
Non-profit institutions	-	-	6.0	-	-	0.2%	-	-	-	-	-
Households	-	0.1	1.8	0.8	-	0.1%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>6.2%</b>	<b>-</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>	<b>8.7%</b>	<b>-</b>
Machinery and equipment	0.3	0.2	0.3	0.4	6.2%	-	0.6	0.5	0.5	8.7%	-
<b>Total</b>	<b>495.9</b>	<b>548.0</b>	<b>828.0</b>	<b>991.7</b>	<b>26.0%</b>	<b>100.0%</b>	<b>1 268.2</b>	<b>1 171.5</b>	<b>1 164.0</b>	<b>5.5%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>5.7%</b>	<b>4.2%</b>	<b>5.6%</b>	<b>5.6%</b>			<b>6.4%</b>	<b>5.4%</b>	<b>5.0%</b>		

**Table 15.11 Teachers, Education Human Resources and Institutional Development**

Details of selected transfers and subsidies	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Foreign governments and international organisations</b>											
<b>Current</b>	9.3	10.5	11.9	11.9	8.8%	1.5%	12.6	13.2	13.9	5.3%	1.1%
United Nations Educational, Scientific and Cultural Organisation	9.2	10.5	11.9	11.9	8.8%	1.5%	12.6	13.2	13.9	5.3%	1.1%
<b>Non-profit institutions</b>											
<b>Current</b>	-	-	6.0	-	-	0.2%	-	-	-	-	-
International Mathematics Olympiad	-	-	6.0	-	-	0.2%	-	-	-	-	-
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	425.0	449.4	671.9	893.9	28.1%	85.2%	947.5	991.1	1 043.6	5.3%	84.3%
South African Council for Educators	1.0	-	-	-	-100.0%	-	-	-	-	-	-
National Student Financial Aid Scheme	424.0	449.4	671.9	893.9	28.2%	85.2%	947.5	991.1	1 043.6	5.3%	84.3%
<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Current</b>	-	-	-	-	-	-	213.0	67.0	-	-	6.1%
Occupation specific dispensation for education sector therapists grant	-	-	-	-	-	-	213.0	67.0	-	-	6.1%

## Personnel information

**Table 15.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
Teachers, Education Human Resources and Institutional Development			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	152	-	150	48.8	0.3	152	63.5	0.4	152	72.5	0.5	152	76.6	0.5	152	81.6	0.5	-	100.0%
1 - 6	10	-	9	1.4	0.2	10	2.2	0.2	10	2.3	0.2	10	2.4	0.2	10	2.6	0.3	-	6.6%
7 - 10	96	-	98	26.7	0.3	96	29.7	0.3	96	37.1	0.4	96	39.2	0.4	96	41.8	0.4	-	63.2%
11 - 12	36	-	29	12.2	0.4	36	21.5	0.6	36	22.5	0.6	36	23.7	0.7	36	25.3	0.7	-	23.7%
13 - 16	10	-	14	8.5	0.6	10	10.1	1.0	10	10.6	1.1	10	11.2	1.1	10	11.9	1.2	-	6.6%

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

2. Rand million.

## Expenditure trends

As a means of ensuring an adequate supply of qualified recruits to the education system, the department offers Funza Lushaka bursaries to prospective teachers. The bursaries are provided through the National Student Financial Aid Scheme, which is the main reason for increases in spending over the MTEF period. The scheme aims to address the shortage of teachers in specific areas, such as mathematics, science and technology. Spending on the bursary scheme, reflected in transfers and subsidies, increased from R424 million in 2010/11, when 10 074 bursaries were awarded, to R893.9 million in 2013/14, when 14 512 bursaries were awarded. This also accounts for the increase in spending in the *Education Human Resources Development* subprogramme over the same period. The department expects to award a further 39 000 bursaries over the medium term at a cost of R3 billion.

In 2013/14, R41.2 million will be used to conduct 8 000 school visits to monitor the implementation of the integrated quality management system. Some of this was spent on travel and subsistence, which fluctuated between 2010/11 and 2011/12 due to a delay in the filling of vacancies before 2011/12. The balance was for compensation of employees.

This programme received additional funding of R280 million in the 2014 Budget for the implementation of the occupation specific dispensation for therapists in the education sector through a new conditional grant to provinces.

Expenditure on consultants is expected to increase over the medium term as consultants will be appointed to support the activities of the newly established *Curriculum Professional Development Unit* subprogramme, which is expected to expand over the period. Most of the 14 vacancies in the programme at the end of November 2013 were in this unit and will be filled by the end of 2013/14 and over the medium term, when the unit becomes fully operational. Due to slow spending and to give effect to Cabinet approved budget reductions, the programme's budget over the medium term has been reduced by R1.1 million, mainly from consultant and professional services in the *Curriculum and Professional Development Unit* subprogramme. The reduction will have a minimal impact on service delivery as the unit is in the process of becoming fully operational by 2014/15.

## Programme 4: Planning, Information and Assessment

### Objectives

- Improve the delivery of school infrastructure over the MTEF period by providing oversight and support to provinces through quarterly reporting on schools' furniture needs and deliveries, the national education infrastructure management system and the education infrastructure grant.
- Contribute to improved teaching and learning through improving and upgrading infrastructure by:
  - building 510 schools to replace all unsafe structures
  - providing electricity to 916 schools
  - providing water to 1 120 schools
  - providing sanitation to 741 schools by 2016/17.
- Improve literacy and numeracy by administering literacy and numeracy tests for all grade 3, 6 and 9 learners each year, and providing a detailed report on learner performance in these grades.
- Contribute to improved learner performance in Grade 12 in 2014/15 by providing a diagnostic report, which identifies the specific areas of poor performance in selected subjects with appropriate remedial measures suggested, and repeat this annually over the MTEF period.

### Subprogrammes

- *Programme Management: Planning, Information and Assessment* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 3 in 2013/14.
- *Financial Planning, Information and Management Systems* develops systems and procedures to support and maintain the integrated education management systems based on unit record information; monitors and reports on the implementation of the education information policy in the basic education sector; and monitors the implementation of national norms and standards for school funding. In 2013/14, provinces were supported in using the learner unit record information and tracking system and the integrated education management information system more effectively, at a cost of R13.7 million. This subprogramme had a staff complement of 41 in 2013/14.
- *School Infrastructure* is discussed in more detail below.
- *National Assessments and Public Examinations* is discussed in more detail below.
- *National Education Evaluation and Development Unit* facilitates school improvement through systematic evaluation. The unit evaluates how district offices and provincial and national departments monitor and support schools, school governing bodies and teachers. This entails identifying critical factors that inhibit or advance the attainment of sector goals and school improvement, and making focused recommendations for addressing the problem areas that undermine school improvement and the attainment of sector goals. The unit will have evaluated 230 schools, 26 districts and all provincial offices by the end of the 2013/14 at a cost of R6.6 million. This subprogramme had a staff complement of 26 in 2013/14.
- *Planning and Delivery Oversight Unit* assists the department in meeting objectives by monitoring the planning and delivery of selected priorities and assisting provinces with this. The unit works with provinces to ensure that provincial initiatives are aligned with national priorities, and provides institutional support for

their effective delivery. R43 million was spent towards this in 2013/14, mainly for salaries and travel and subsistence. This subprogramme had a staff complement of 30 in 2013/14.

## Expenditure estimates

**Table 15.13 Planning, Information and Assessment**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Programme Management: Planning, Information and Assessment	0.2	0.8	2.3	2.4	116.4%	-	2.5	2.6	2.8	4.6%	-
Financial Planning, Information and Management Systems	32.5	38.2	35.0	31.6	-0.9%	0.6%	39.3	41.3	43.8	11.4%	0.3%
School Infrastructure	3 170.4	5 395.2	6 668.9	8 605.0	39.5%	96.2%	9 874.8	11 910.6	12 657.0	13.7%	95.6%
National Assessments and Public Examinations	109.2	123.1	159.8	292.8	38.9%	2.8%	397.1	416.2	439.0	14.5%	3.4%
National Education Evaluation and Development Unit	3.1	6.6	17.1	19.1	83.5%	0.2%	14.2	14.9	15.8	-6.0%	0.1%
Planning and Delivery Oversight Unit	5.1	11.0	14.9	43.1	104.3%	0.3%	51.4	62.5	66.1	15.3%	0.5%
<b>Total</b>	<b>3 320.5</b>	<b>5 574.8</b>	<b>6 897.9</b>	<b>8 994.1</b>	<b>39.4%</b>	<b>100.0%</b>	<b>10 379.4</b>	<b>12 448.1</b>	<b>13 224.5</b>	<b>13.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				5.1			(465.4)	(1 071.7)	13 224.5		

### Economic classification

<b>Current payments</b>	<b>133.0</b>	<b>167.6</b>	<b>192.5</b>	<b>305.9</b>	<b>32.0%</b>	<b>3.2%</b>	<b>400.4</b>	<b>422.0</b>	<b>445.8</b>	<b>13.4%</b>	<b>3.5%</b>
Compensation of employees	66.4	71.6	86.4	102.6	15.6%	1.3%	110.7	116.9	124.6	6.7%	1.0%
Goods and services	66.6	96.0	106.0	203.3	45.1%	1.9%	289.7	305.1	321.2	16.5%	2.5%
of which:											
Consumable: Stationery, printing and office supplies	1.4	1.3	2.2	35.6	193.1%	0.2%	143.1	150.1	158.6	64.5%	1.1%
Travel and subsistence	19.0	40.5	50.1	53.7	41.5%	0.7%	48.4	50.4	53.1	-0.4%	0.5%
Operating payments	14.0	3.7	2.4	6.4	-23.0%	0.1%	3.8	4.0	4.4	-11.6%	-
<b>Transfers and subsidies</b>	<b>3 186.1</b>	<b>5 329.6</b>	<b>5 844.9</b>	<b>6 756.0</b>	<b>28.5%</b>	<b>85.2%</b>	<b>7 066.3</b>	<b>9 622.1</b>	<b>10 198.8</b>	<b>14.7%</b>	<b>74.7%</b>
Provinces and municipalities	3 162.8	5 311.1	5 802.4	6 643.3	28.1%	84.4%	6 928.9	9 469.4	10 038.0	14.8%	73.4%
Departmental agencies and accounts	23.3	18.4	42.3	97.7	61.3%	0.7%	107.4	112.7	118.7	6.7%	1.0%
Non-profit institutions	-	-	-	15.0	-	0.1%	30.0	40.0	42.1	41.1%	0.3%
Households	0.1	0.1	0.2	0.1	9.1%	-	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>1.3</b>	<b>77.7</b>	<b>860.5</b>	<b>1 932.1</b>	<b>1036.3%</b>	<b>11.6%</b>	<b>2 912.7</b>	<b>2 404.0</b>	<b>2 579.9</b>	<b>10.1%</b>	<b>21.8%</b>
Buildings and other fixed structures	-	76.1	859.6	1 931.1	-	11.6%	2 911.3	2 402.6	2 578.3	10.1%	21.8%
Machinery and equipment	0.4	1.6	0.9	1.1	39.7%	-	1.4	1.4	1.6	14.3%	-
Software and other intangible assets	0.9	-	-	-	-100.0%	-	-	-	-	-	-
<b>Total</b>	<b>3 320.5</b>	<b>5 574.8</b>	<b>6 897.9</b>	<b>8 994.1</b>	<b>39.4%</b>	<b>100.0%</b>	<b>10 379.4</b>	<b>12 448.1</b>	<b>13 224.5</b>	<b>13.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>38.3%</b>	<b>43.2%</b>	<b>46.3%</b>	<b>51.0%</b>			<b>52.7%</b>	<b>56.9%</b>	<b>57.3%</b>		

### Details of selected transfers and subsidies

<b>Non-profit institutions</b>											
<b>Current</b>	-	-	-	15.0	-	0.1%	30.0	40.0	42.1	41.1%	0.3%
National initiative to improve learning outcomes	-	-	-	15.0	-	0.1%	30.0	40.0	42.1	41.1%	0.3%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>23.3</b>	<b>18.4</b>	<b>42.3</b>	<b>97.7</b>	<b>61.3%</b>	<b>0.7%</b>	<b>107.4</b>	<b>112.7</b>	<b>118.7</b>	<b>6.7%</b>	<b>1.0%</b>
Umalusi Council for Quality Assurance in General and Further Education and Training	17.4	18.4	42.3	97.7	77.9%	0.7%	107.4	112.7	118.7	6.7%	1.0%
Human Sciences Research Council	5.9	-	-	-	-100.0%	-	-	-	-	-	-
<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Capital</b>	<b>3 162.8</b>	<b>5 311.1</b>	<b>5 802.4</b>	<b>6 643.3</b>	<b>28.1%</b>	<b>84.4%</b>	<b>6 928.9</b>	<b>9 469.4</b>	<b>10 038.0</b>	<b>14.8%</b>	<b>73.4%</b>
Education infrastructure grant	3 162.8	5 311.1	5 802.4	6 643.3	28.1%	84.4%	6 928.9	9 469.4	10 038.0	14.8%	73.4%

## Personnel information

**Table 15.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014			Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number							
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)						
Number of funded posts	Number of posts additional to the establishment		2012/13		2013/14			2014/15			2015/16			2016/17			2013/14 - 2016/17					
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost				
Planning, Information and Assessment			182	-	-	187	86.4	0.5	182	102.6	0.6	182	110.7	0.6	182	116.9	0.6	182	124.6	0.7	-	100.0%
Salary level	182	-	187	86.4	0.5	182	102.6	0.6	182	110.7	0.6	182	116.9	0.6	182	116.9	0.6	182	124.6	0.7	-	100.0%
1-6	41	-	54	9.7	0.2	41	8.0	0.2	41	8.3	0.2	41	8.8	0.2	41	9.4	0.2	41	9.4	0.2	-	22.5%
7-10	57	-	65	20.9	0.3	57	20.4	0.4	57	21.2	0.4	57	22.5	0.4	57	24.0	0.4	57	24.0	0.4	-	31.3%
11-12	66	-	45	23.7	0.5	66	37.9	0.6	66	39.4	0.6	66	41.7	0.6	66	44.5	0.7	66	44.5	0.7	-	36.3%
13-16	18	-	23	19.3	0.8	18	17.3	1.0	18	18.0	1.0	18	19.1	1.1	18	20.4	1.1	18	20.4	1.1	-	9.9%
Other	-	-	-	12.9	-	-	19.1	-	-	23.7	-	-	24.8	-	-	26.4	-	-	26.4	-	-	-

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on the delivery of school infrastructure to meet the minimum basic school infrastructure norms and standards as laid out by government by 2016/17. The bulk of expenditure in this programme is therefore on the education infrastructure grant and school infrastructure backlogs grant in the *School Infrastructure* subprogramme. A significant amount is also spent in the *National Assessments and Public Examinations* subprogramme.

The spending in the rest of the programme is mainly on developing systems and procedures to support and maintain the integrated education management systems over the MTEF period through the *Financial Planning, Information and Management Systems* subprogramme. This is mainly reflected as expenditure on computer services, including the national education infrastructure information management system, which provides information on the status of school infrastructure across the country, and on reporting on the implementation of the education information policy in the basic education sector in the *National Education Evaluation Unit* subprogramme.

The increased spending on travel and subsistence over the medium term is for the monitoring and oversight of the delivery of school infrastructure in the *School Infrastructure* subprogramme. Spending on this item also grew due to increased activity in the *National Education Evaluation Unit* subprogramme. A further 230 schools and 26 districts are set to be evaluated in 2014/15.

Expenditure on consultants increased between 2010/11 and 2013/14, due to technical assistance requirements for the management and implementation of the school infrastructure backlogs grant. Spending on consultants is expected to continue to increase over the MTEF period as the school infrastructure programme is expanded. At the end of November 2013, this programme had 182 funded posts, 171 of which were filled. The rest are used for moderators and examiners as required.

## Subprogramme: School Infrastructure

This subprogramme uses funding from the school infrastructure backlogs grant to eradicate infrastructure backlogs by providing water, sanitation and electricity to schools that do not have these utilities and replacing school buildings constructed from inappropriate material, such as mud. The education infrastructure grant provides co-funding for the ongoing infrastructure programme in provinces to allow for the provision of current infrastructure requirements, which includes the maintenance of existing stock and new infrastructure where required. These two grants, together with contributions by provincial education departments, are to ensure that all schools will meet the national minimum uniform norms and standards for public school infrastructure by 2016/17. Through the school infrastructure backlogs grant, 44 new schools have been completed and handed over to communities in Eastern Cape and 16 schools are expected to be completed by March 2014, at an estimated cost of R1 billion for 2013/14. 100 more schools are planned for 2014/15. This subprogramme had a staff complement of 5 in 2013/14.

## Expenditure estimates

**Table 15.15 School Infrastructure**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Current payments</b>	<b>7.6</b>	<b>7.9</b>	<b>6.8</b>	<b>30.5</b>	<b>59.0%</b>	<b>0.2%</b>	<b>34.6</b>	<b>38.5</b>	<b>40.7</b>	<b>10.1%</b>	<b>0.3%</b>
Compensation of employees	6.8	6.8	5.4	7.3	2.6%	0.1%	9.3	10.1	10.7	13.6%	0.1%
Goods and services	0.8	1.1	1.4	23.2	206.7%	0.1%	25.2	28.4	30.0	8.9%	0.2%
<b>Transfers and subsidies</b>	<b>3 162.8</b>	<b>5 311.1</b>	<b>5 802.4</b>	<b>6 643.3</b>	<b>28.1%</b>	<b>87.8%</b>	<b>6 928.9</b>	<b>9 469.4</b>	<b>10 038.0</b>	<b>14.8%</b>	<b>76.8%</b>
Provinces and municipalities	3 162.8	5 311.1	5 802.4	6 643.3	28.1%	87.8%	6 928.9	9 469.4	10 038.0	14.8%	76.8%
<b>Payments for capital assets</b>	<b>0.0</b>	<b>76.2</b>	<b>859.7</b>	<b>1 931.3</b>	<b>3572.2%</b>	<b>12.0%</b>	<b>2 911.4</b>	<b>2 402.6</b>	<b>2 578.3</b>	<b>10.1%</b>	<b>22.8%</b>
Buildings and other fixed structures	–	76.1	859.6	1 931.1	–	12.0%	2 911.3	2 402.6	2 578.3	10.1%	22.8%
Machinery and equipment	0.0	0.1	0.1	0.2	65.6%	–	0.1	0.1	0.0	-51.7%	–
<b>Total</b>	<b>3 170.4</b>	<b>5 395.2</b>	<b>6 668.9</b>	<b>8 605.0</b>	<b>39.5%</b>	<b>100.0%</b>	<b>9 874.8</b>	<b>11 910.6</b>	<b>12 657.0</b>	<b>13.7%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>95.5%</b>	<b>96.8%</b>	<b>96.7%</b>	<b>95.7%</b>			<b>95.1%</b>	<b>95.7%</b>	<b>95.7%</b>		

## Personnel information

**Table 15.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
2012/13			2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17								
			Number	Unit Cost	Cost	Number	Unit Cost	Cost	Number	Unit Cost	Cost	Number	Unit Cost	Cost	Number	Unit Cost	Cost		
<b>School Infrastructure</b>																			
Salary level	9	–	–	5.42	–	5	7.3	1.46	9	9.4	1.04	9	10.1	1.12	9	10.7	1.19	21.6%	100.0%
1 – 6	3	–	–	–	–	2	1.0	0.48	3	1.0	0.34	3	1.1	0.36	3	1.2	0.38	14.5%	34.4%
7 – 10	1	–	–	–	–	–	–	–	1	1.0	0.98	1	1.0	1.03	1	1.1	1.10	–	9.4%
13 – 16	5	–	–	–	–	3	3.5	1.18	5	3.8	0.75	5	4.0	0.79	5	4.2	0.85	18.6%	56.3%
Other	–	–	–	5.4	–	–	2.8	–	–	3.6	–	–	4.0	–	–	4.3	–	–	–

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

2. Rand million.

## Expenditure trends

The bulk of the expenditure in the subprogramme goes toward school infrastructure, which is why R7.9 billion has been allocated to the school infrastructure backlogs grant over the MTEF period. In addition, R26.4 billion over the medium term will be transferred to provinces through the education infrastructure grant. The school infrastructure backlogs grant aims to eradicate and replace inappropriate school infrastructure, such as mud school buildings and other unsafe structures. It also aims to ensure that all schools have basic services, such as water, sanitation and electricity. Over the medium term, these funds will be used to replace inappropriate infrastructure in 510 schools and provide water to 1 120 schools, sanitation to 741 schools and electricity to 916 schools across South Africa.

To give effect to Cabinet approved budget reductions, R1.2 billion over the medium term has been reduced from spending on the school infrastructure backlogs grant and R1.5 billion from the education infrastructure grant. The reductions to the school infrastructure grant align this allocation more closely with the ability of the sector to deliver school infrastructure and extend the deadline for addressing the school infrastructure backlog by one year, from 2015/16 to 2016/17. Despite these reductions, the education infrastructure grant continues to grow over the medium term at an average annual 14.8 per cent, thereby ensuring that school infrastructure delivery by provincial education departments remains a priority.

## Subprogramme: National Assessment and Public Examinations

This subprogramme promotes and administers national school assessments in grades 1 to 6 and Grade 9, and public examinations in Grade 12, by setting and moderating all examination papers; moderates the Grade 12 life orientation school based assessment at provincial and national levels; monitors the examination writing processes in all provinces; and oversees the annual national assessments. Performance trends in all national

examinations and assessments are published each year to provide reliable and valid data on learner performance that will support the improvement of the quality of basic education. More than 7 million learners in grades 1 to 6 and Grade 9 in 20 000 schools in South Africa wrote the annual national assessment tests to determine literacy and numeracy competency in 2013/14 at an estimated cost of R225 million. To validate school level marking, centralised moderation of a sample of 3 scripts per class and subject for grades 3, 6 and 9 in each school was conducted at 24 centres across all nine provinces. Learner performance in these assessments is used to inform the type and scale of interventions required to improve literacy and numeracy levels. In addition, 198 Grade 12 question papers were written at 6 699 examination centres by 707 136 full and part time learners in the 2013 national senior certificate examination, and school based assessments, including Grade 12 life orientation, were moderated at provincial level to determine the reliability of the assessments.

## Expenditure estimates

**Table 15.17 National Assessments and Public Examinations**

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14		2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
R million												
<b>Current payments</b>	<b>84.9</b>	<b>103.8</b>	<b>116.9</b>	<b>194.8</b>	<b>31.9%</b>	<b>73.1%</b>	<b>288.8</b>	<b>302.4</b>	<b>319.1</b>	<b>17.9%</b>	<b>71.5%</b>	
Compensation of employees	37.9	35.5	39.2	51.3	10.6%	23.9%	57.0	60.0	63.9	7.6%	15.0%	
Goods and services	47.0	68.3	77.7	143.5	45.1%	49.1%	231.8	242.5	255.2	21.2%	56.5%	
<b>Transfers and subsidies</b>	<b>23.3</b>	<b>18.4</b>	<b>42.4</b>	<b>97.7</b>	<b>61.2%</b>	<b>26.5%</b>	<b>107.4</b>	<b>112.7</b>	<b>118.7</b>	<b>6.7%</b>	<b>28.2%</b>	
Departmental agencies and accounts	23.3	18.4	42.3	97.7	61.3%	26.5%	107.4	112.7	118.7	6.7%	28.2%	
Households	0.1	0.0	0.1	-	-100.0%	-	-	-	-	-	-	
<b>Payments for capital assets</b>	<b>1.0</b>	<b>0.9</b>	<b>0.5</b>	<b>0.4</b>	<b>-27.9%</b>	<b>0.4%</b>	<b>1.0</b>	<b>1.0</b>	<b>1.2</b>	<b>50.4%</b>	<b>0.2%</b>	
Machinery and equipment	0.0	0.9	0.5	0.4	99.6%	0.3%	1.0	1.0	1.2	50.4%	0.2%	
Software and other intangible assets	0.9	-	-	-	-100.0%	0.1%	-	-	-	-	-	
<b>Total</b>	<b>109.2</b>	<b>123.1</b>	<b>159.8</b>	<b>292.8</b>	<b>38.9%</b>	<b>100.0%</b>	<b>397.1</b>	<b>416.2</b>	<b>439.0</b>	<b>14.5%</b>	<b>100.0%</b>	
Proportion of total subprogramme expenditure to programme expenditure	3.3%	2.2%	2.3%	3.3%			3.8%	3.3%	3.3%			

## Personnel information

**Table 15.18 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

National Assessments and Public Examinations	Number of posts estimated for 31 March 2014	Number of posts funded additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost	Unit Cost	Number	Cost	Unit Cost	
Salary level	77	-	77	39.2	0.51	77	51.3	0.67	77	57.0	0.74	77	60.0	0.78	77	63.91	0.8	-	100.0%
1 - 6	30	-	30	5.1	0.17	30	5.7	0.19	30	6.1	0.20	30	6.4	0.21	30	6.81	0.2	-	39.0%
7 - 10	29	-	29	9.8	0.34	29	11.9	0.41	29	12.7	0.44	29	13.4	0.46	29	14.29	0.5	-	37.7%
11 - 12	14	-	14	8.4	0.60	14	10.1	0.72	14	10.8	0.77	14	11.4	0.81	14	12.13	0.9	-	18.2%
13 - 16	4	-	4	3.3	0.81	4	3.5	0.88	4	3.8	0.94	4	4.0	1.00	4	4.24	1.1	-	5.2%
Other	-	-	-	12.7	-	-	20.1	-	-	23.7	-	-	24.8	-	-	26.4	-	-	-

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

2. Rand million.

## Expenditure trends

The spending focus of this subprogramme is to set, print and moderate question papers for the national senior certificate, senior certificate examinations and the annual national assessments, which accounts for the high proportion of expenditure on travel and subsistence for examiners and moderators, as well as on stationery and printing. The increase in the transfer to the Umalusi Council for Quality Assurance in General and Further Education and Training, reflected under transfers and subsidies to departmental agencies and accounts, is to ensure that the entity is fully funded to deliver its mandate and will no longer require provincial departments to pay for the issuing of certificates.

This subprogramme had a staff complement of 77 at the end of November 2013. Staff members oversee the administration associated with the setting, printing and moderating of all the nationally set and examined question papers.

## Programme 5: Educational Enrichment Services

### Objectives

- Improve learner health and wellness by increasing the number of learners benefiting from the integrated school health programme, ensuring that all learners in primary, secondary and identified special schools in quintiles 1 to 3 are provided with nutritious meals in 2014/15.
- Improve learner safety by ensuring that the 14 375 public schools are linked to their local police stations.
- Promote a culture of reading among learners by increasing the number of ordinary public schools participating in spelling bee contests from the current 150 schools to 250 by 2014/15.

### Subprogrammes

- *Programme Management: Educational Enrichment Services* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 3 in 2013/14.
- *Partnerships in Education* mobilises partners and stakeholders in support of education in an attempt to make education a societal issue; manages policy, programmes and systems on the creation of a safe and cohesive learning environment that promotes holistic learner development; facilitates sport and enrichment programmes in schools through collaborative programmes with various stakeholders, including other government departments, international donors, non-governmental organisations, businesses and provincial education departments; and develops and monitors policies and programmes to promote gender equity, non-racism, non-sexism, democratic and constitutional values in education, and an understanding of human rights and the promotion of social cohesion in public schools and school communities. Key activities include the implementation of sport and enrichment programmes (which include literacy programmes) and the partnership protocol between the department and the South African Police Service, which links local police stations to schools, each at an approximate cost of R645 000 in 2013/14. This subprogramme had a staff complement of 26 in 2013/14.
- *Care and Support in Schools* manages policies on the overall wellness of educators and learners through the provision of nutritious meals to learners every school day and the promotion of learner access to public services, such as health and poverty alleviation interventions. By the end of 2013/14, R5.2 billion will have been spent on feeding 8.7 million learners in primary, secondary and identified special schools in quintiles 1 to 3. This subprogramme had a staff complement of 33 in 2013/14.

### Expenditure estimates

Table 15.19 Educational Enrichment Services

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Programme Management: Educational Enrichment Services	3.5	3.5	3.0	2.9	-5.9%	0.1%	2.7	2.8	3.0	0.7%	-
Partnerships in Education	15.0	19.9	17.6	22.2	13.9%	0.4%	21.9	23.1	24.5	3.3%	0.4%
Care and Support in Schools	3 867.8	4 785.8	5 130.1	5 409.2	11.8%	99.5%	5 705.5	5 953.9	6 269.7	5.0%	99.6%
<b>Total</b>	<b>3 886.4</b>	<b>4 809.2</b>	<b>5 150.7</b>	<b>5 434.4</b>	<b>11.8%</b>	<b>100.0%</b>	<b>5 730.2</b>	<b>5 979.8</b>	<b>6 297.2</b>	<b>5.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(324.6)			(346.7)	(362.6)	6 297.2		

Table 15.19 Educational Enrichment Services

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)			
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16	2016/17	2013/14 - 2016/17
	R million													
<b>Current payments</b>	<b>34.3</b>	<b>39.0</b>	<b>41.2</b>	<b>47.5</b>	<b>11.5%</b>	<b>0.8%</b>	<b>46.8</b>	<b>49.4</b>	<b>52.5</b>	<b>3.4%</b>	<b>0.8%</b>			
Compensation of employees	24.0	27.2	26.7	33.1	11.3%	0.6%	33.2	35.0	37.4	4.1%	0.6%			
Goods and services	10.3	11.8	14.6	14.4	12.0%	0.3%	13.7	14.3	15.1	1.6%	0.2%			
of which:														
Consumable: Stationery, printing and office supplies	1.1	1.2	4.2	3.4	46.4%	0.1%	2.0	2.1	2.0	-16.2%	-			
Travel and subsistence	4.0	6.7	6.3	6.0	14.5%	0.1%	5.6	6.0	6.5	2.4%	0.1%			
Operating payments	0.5	0.1	0.1	0.1	-47.0%	-	0.0	0.0	0.0	-25.9%	-			
<b>Transfers and subsidies</b>	<b>3 851.4</b>	<b>4 769.9</b>	<b>5 109.3</b>	<b>5 386.6</b>	<b>11.8%</b>	<b>99.2%</b>	<b>5 683.0</b>	<b>5 930.1</b>	<b>6 244.4</b>	<b>5.0%</b>	<b>99.2%</b>			
Provinces and municipalities	3 851.4	4 768.2	5 109.1	5 386.6	11.8%	99.1%	5 683.0	5 930.1	6 244.4	5.0%	99.2%			
Non-profit institutions	0.1	0.1	0.1	0.1	-	-	0.1	0.1	0.1	5.1%	-			
Households	-	1.6	0.1	0.0	-	-	-	-	-	-100.0%	-			
<b>Payments for capital assets</b>	<b>0.7</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>-29.8%</b>	<b>-</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>9.4%</b>	<b>-</b>			
Machinery and equipment	0.6	0.3	0.2	0.2	-28.9%	-	0.3	0.3	0.3	9.4%	-			
<b>Total</b>	<b>3 886.4</b>	<b>4 809.2</b>	<b>5 150.7</b>	<b>5 434.4</b>	<b>11.8%</b>	<b>100.0%</b>	<b>5 730.2</b>	<b>5 979.8</b>	<b>6 297.2</b>	<b>5.0%</b>	<b>100.0%</b>			
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>44.8%</b>	<b>37.3%</b>	<b>34.6%</b>	<b>30.8%</b>			<b>29.1%</b>	<b>27.3%</b>	<b>27.3%</b>					

## Details of selected transfers and subsidies

Provinces and municipalities											
Provinces											
Provincial Revenue Funds											
Current											
	3 851.4	4 768.2	5 109.1	5 386.6	11.8%	99.1%	5 683.0	5 930.1	6 244.4	5.0%	99.2%
National school nutrition programme grant	3 663.3	4 578.8	4 906.5	5 173.1	12.2%	95.0%	5 461.9	5 703.7	6 006.0	5.1%	95.3%
HIV and AIDS (life skills education) grant	188.0	189.5	202.7	213.5	4.3%	4.1%	221.1	226.4	238.4	3.7%	3.8%

## Personnel information

Table 15.20 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Educational Enrichment Services	Salary level	Number of posts estimated for 31 March 2014	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number		
					Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)	
					2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17
					Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number
	68	-	66	26.7	0.4	68	33.1	0.5	68	33.2	0.5	68	35.0	0.5	68	37.4	0.5	-	100.0%
1-6	11	-	11	1.7	0.2	11	2.2	0.2	11	2.2	0.2	11	2.3	0.2	11	2.5	0.2	-	16.2%
7-10	28	-	29	9.0	0.3	28	10.5	0.4	28	9.6	0.3	28	10.1	0.4	28	10.8	0.4	-	41.2%
11-12	20	-	16	8.1	0.5	20	12.0	0.6	20	12.6	0.6	20	13.3	0.7	20	14.2	0.7	-	29.4%
13-16	9	-	10	7.9	0.8	9	8.4	0.9	9	8.8	1.0	9	9.3	1.0	9	9.9	1.1	-	13.2%

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

<sup>2</sup>. Rand million.

## Expenditure trends

The spending focus over the medium term is to enrich the educational experience of learners and teachers. The bulk of the department's contribution here is through conditional grant transfers to provinces, with the national school nutrition programme in the *Care and Support in Schools* subprogramme being the key initiative aimed at improving access and learning. The nutrition programme received an increase in allocations between 2010/11 and 2013/14 to expand the national school nutrition programme to include all primary and secondary learners in quintiles 1 to 3.

In 2013/14, 8.7 million learners were fed on school days at a cost of R5.2 billion. This is a decrease from the 9.2 million learners fed in 2012/13, and is due to the additional learners being fed by provincial departments from their own budgets in that year. To ensure that the level and quality of feeding is sustained in line with government's overall anti-poverty strategy, this grant continues to dominate programme expenditure over the medium term, with allocations increasing from R5.2 billion in 2013/14 to R6.0 billion in 2016/17.

To give effect to Cabinet approved budget reductions, the department will reduce spending in this programme by R3.2 million over the medium term on the administration portion of the national school nutrition programme grant. These reductions are to be mainly effected in spending on travel and subsistence through implementing efficiency measures such as reducing the size of teams that travel on oversight visits and ensuring that teams share vehicles. The reductions will not impact negatively on service delivery.

At the end of November 2013, the directorate had a funded establishment of 68 posts, for personnel to provide oversight and support for the implementation of the national school nutrition programme conditional grant. 6 positions were vacant, mainly due to natural attrition. The department expects to have filled these vacancies by the end of 2013/14.

## Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Education Labour Relations Council** promotes and maintains good relations between employer and employee. The council's total budget for 2014/15 is R58 million.
- The **South African Council for Educators** is responsible for the registration, promotion and professional development of educators; and for setting, maintaining and protecting their ethical and professional standards. The council's total budget for 2014/15 is R53.6 million.
- **Umalusi Council for Quality Assurance in General and Further Education and Training** sets and maintains standards in general and further education and training through the development and management of the general and further education and training qualifications framework. The council's total budget for 2014/15 is R127.3 million.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
				2010/11	2011/12		2012/13	2014/15	2015/16	2016/17
<b>Departmental infrastructure</b>										
School infrastructure backlogs indirect grant	Replace 496 schools with inappropriate infrastructure, of which 395 are mud schools; provide water to 1 257 schools; sanitation to 868 schools and electricity to 878 schools	Various	13 911.7	-	76.1	859.6	1 956.0	2 911.3	2 402.6	2 578.3
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Education infrastructure conditional grant	Build new schools and additional educational spaces like libraries, laboratories and administration blocks; provide basic services such as water, sanitation and electricity; upgrade and rehabilitate existing schools infrastructure; maintain new and existing schools	Various	132 782.4	3 162.8	5 311.1	5 802.4	6 643.3	6 928.9	9 469.4	10 038.0
Technical secondary schools recapitalisation conditional grant	31 new workshops built, 228 existing workshops refurbished, equipment delivered and installed at 300 workshops, and 4 590 technology teachers trained	Various	1 650.2	64.5	210.5	198.7	231.5	233.5	244.2	257.2
<b>Total</b>			<b>148 344.3</b>	<b>3 227.2</b>	<b>5 597.7</b>	<b>6 860.7</b>	<b>8 830.8</b>	<b>10 073.7</b>	<b>12 116.2</b>	<b>12 873.4</b>



# Vote 16

## Health

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	399.7	392.4	1.4	5.9	426.4	449.7
National Health Insurance, Health Planning and Systems Enablement	621.3	543.8	75.0	2.4	620.0	650.1
HIV and AIDS, Tuberculosis, Maternal and Child Health	13 049.9	533.1	12 515.1	1.7	14 728.6	16 299.5
Primary Health Care Services	93.5	87.6	4.4	1.5	98.1	103.7
Hospitals, Tertiary Health Services and Human Resource Development	18 925.8	185.9	17 730.0	1 009.8	19 693.3	20 761.0
Health Regulation and Compliance Management	865.3	271.2	590.4	3.7	1 064.8	1 123.7
<b>Total expenditure estimates</b>	<b>33 955.5</b>	<b>2 014.1</b>	<b>30 916.4</b>	<b>1 025.0</b>	<b>36 631.3</b>	<b>39 387.7</b>

Executive authority Minister of Health  
 Accounting officer Director General of Health  
 Website address [www.doh.gov.za](http://www.doh.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Provide leadership and coordination of health services to promote the health of all people in South Africa through an accessible, caring and high quality health system based on the primary health care approach.*

### Mandate

The Department of Health derives its mandate from the National Health Act (2003), which requires the department to provide a framework for a structured uniform health system within South Africa. The act sets out the functions of the three levels of government as they relate to health services. The department contributes directly to achieving the government outcome which calls for a long and healthy life for all South Africans (outcome 2).

### Strategic goals

The department's strategic goals over the medium term are to:

- prevent disease and reduce its burden, and promote health
- improve health facility planning by implementing norms and standards
- improve financial management by improving capacity, contract management, revenue collection and supply chain management reforms
- develop an efficient health management information system for improved decision making
- improve the quality of care by establishing the Office of Health Standards Compliance, which will monitor compliance of all health facilities with standards and improve clinical governance
- re-engineer primary healthcare by: increasing the number of ward based outreach teams, contracting general practitioners, and district specialist teams; and expanding school health services
- make progress towards universal health coverage through the development of the National Health Insurance scheme, and improve the readiness of health facilities for its implementation
- improve human resources for health by ensuring adequate training and accountability measures.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide overall management of the department and centralised support services.

### Programme 2: National Health Insurance, Health Planning and Systems Enablement

**Purpose:** Improve access to quality health services through the development and implementation of policies to achieve universal coverage, health financing reform, integrated health systems planning, reporting, monitoring and evaluation, and for research.

### Programme 3: HIV and AIDS, TB and Maternal and Child Health

**Purpose:** Develop national policy, and coordinate and fund health programmes for HIV and AIDS and sexually transmitted infections, tuberculosis, maternal and child health, and women's health. Develop and oversee the implementation of policies, strengthen systems, set norms and standards, and monitor programme implementation.

### Programme 4: Primary Health Care Services

**Purpose:** Develop and oversee the implementation of legislation, policies, systems, and norms and standards for: a uniform district health system, environmental health, managing communicable and non-communicable diseases, health promotion, and nutrition.

### Programme 5: Hospitals, Tertiary Health Services and Human Resource Development

**Purpose:** Develop policies, delivery models and clinical protocols for hospitals and emergency medical services. Ensure alignment of academic medical centres with health workforce programmes.

### Programme 6: Health Regulation and Compliance Management

**Purpose:** Regulate the procurement of medicines and pharmaceutical supplies, including food control, and the trade in health products and health technology. Promote accountability and compliance by regulatory bodies and public entities for effective governance and the quality of health care.

## Selected performance indicators

Table 16.1 Health

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Total number of private providers contracted to work in public health facilities	National Health Insurance, Health Planning and Systems Enablement	Outcome 2: A long and healthy life for all South Africans	-1	-1	-1	100	900	1 200	1 500
Tuberculosis (new pulmonary) cure rate	HIV and AIDS, Tuberculosis, Maternal and Child Health		71.1%	73.1%	73.8%	85%	85%	85%	85%
Tuberculosis (new pulmonary) treatment defaulter rate?	HIV and AIDS, Tuberculosis, Maternal and Child Health	Outcome 2: A long and healthy life for all South Africans	7.1%	6.8%	6.1%	5%	5%	5%	5%
Number of new patients put on antiretroviral treatment per year	HIV and AIDS, Tuberculosis, Maternal and Child Health		418 677	617 147	612 118	500 000	500 000	500 000	500 000
Antenatal first visit before 20 weeks rate	HIV and AIDS, Tuberculosis, Maternal and Child Health		37.5%	40.2%	44%	60%	65%	68%	70%
Immunisation coverage for children under the age of one year annualised	HIV and AIDS, Tuberculosis, Maternal and Child Health		89.4	95.2	94	90	90	90	90%

Table 16.1 Health

Indicator	Programme	Outcome	Past			Current 2013/14	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Measles (second dose) immunisation coverage annualised <sup>3</sup>	HIV and AIDS, Tuberculosis, Maternal and Child Health	Outcome 2: A long and healthy life for all South Africans	81%	85.3%	82.7%	90%	90%	90%	90%
Proportion of infant first polymerase chain reaction test positive within 2 months after birth out of all babies tested	HIV and AIDS, Tuberculosis, Maternal and Child Health		3.5%	4%	2.5%	2.5%	2%	2%	2%
Cervical cancer screening coverage annualised	HIV and AIDS, Tuberculosis, Maternal and Child Health		52.2%	55%	55.4%	56%	58%	60%	62%
Primary health care utilisation rate (Average number of primary health care visits per person per year)	Primary Health Care Services		2.4	2.5	2.5	2.8	2.9	3	3

1. No historical data, as the indicator was introduced in the 2013/14 annual performance plan.

2. Performance in 2010/11 has been revised from what was published in the ENE 2013 due to backdated capturing of some information.

3. Performance in 2010/11 has been revised from what was published in the ENE 2013, as the target was mistakenly published instead of actual performance.

## The national development plan

In relation to health, the national development plan articulates nine goals that broadly endorse a health system which raises life expectancy, reduces infant mortality and the occurrence of HIV and AIDS, and significantly lowers the burden of disease. The plan highlights demographics and disease burden, health systems and the social and environmental determinants of health as being key areas in the country's health system that need to be addressed. Achieving the plan's objectives for the health sector will require a fundamental reform in the country's health system. To this end, the department will focus on priority areas that include: infrastructure; human resources and management capacity, and norms and standards for staffing; accountability in planning and budgeting; capacity and systems in financial management; health financing; and key strategic institutions.

The department's 10-point plan and strategic goals are in alignment with the nine goals identified in the national development plan. These are:

- average male and female life expectancy at birth increased to 70 years
- tuberculosis prevention and cure progressively improved
- maternal, infant and child mortality reduced
- significantly reduced prevalence of non-communicable chronic diseases
- injury, accidents and violence reduced by 50 per cent from 2010 levels
- health system reforms completed
- primary health care teams deployed to provide care to families and communities
- universal health coverage achieved
- health posts filled with skilled, committed and competent individuals.

In line with the plan's vision for the reduction of mortality, the department will be implementing a number of interventions to address the causes of maternal, child and infant mortality. Over the medium term, the department will scale up family planning services to reduce unplanned pregnancies and improve women's health. One of the interventions for reducing non-communicable diseases involve the department establishing a national health commission to reduce the burden of non-communicable diseases. The deployment of primary health care teams and the implementation of the intersectoral integrated school health programme will also improve health promotion and the prevention of diseases. In line with plan's vision of strengthening the health system, the department will be placing emphasis on the quality of health care in South Africa by establishing the independent Office of Health Standards Compliance as a public entity in 2014/15.

The following key actions have been identified for reducing the burden of HIV and AIDS and tuberculosis: improving access to antiretroviral treatment; reducing new infections through expanding medical male circumcision services; and preventing mother to child transmission, thereby reducing HIV mortality rates.

South Africa is embracing universal health coverage, as espoused in the plan, through the establishment of the national health insurance scheme. The department will soon publish a white paper on national health insurance. The ultimate benefit of the insurance scheme is that it will ensure that all South Africans, irrespective of their socioeconomic status, have access to good quality and affordable health services.

## Expenditure estimates

**Table 16.2 Health**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
Administration	263.0	317.6	380.2	405.7	405.7	15.5%	1.3%	399.7	426.4	449.7	3.5%	1.2%
National Health Insurance, Health Planning and Systems Enablement	97.2	164.1	294.7	491.8	288.8	43.8%	0.8%	621.3	620.0	650.1	31.1%	1.6%
HIV and AIDS, Tuberculosis, Maternal and Child Health	6 471.3	7 916.0	9 169.0	11 042.0	11 045.0	19.5%	32.6%	13 049.9	14 728.6	16 299.5	13.9%	39.3%
Primary Health Care Services	82.3	97.3	111.0	102.6	102.6	7.6%	0.4%	93.5	98.1	103.7	0.3%	0.3%
Hospitals, Tertiary Health Services and Human Resource Development	15 065.7	16 700.1	17 395.9	17 722.4	17 522.4	5.2%	62.8%	18 925.8	19 693.3	20 761.0	5.8%	54.9%
Health Regulation and Compliance Management	540.7	517.8	548.2	763.7	763.7	12.2%	2.2%	865.3	1 064.8	1 123.7	13.7%	2.7%
<b>Total</b>	<b>22 520.3</b>	<b>25 712.8</b>	<b>27 898.9</b>	<b>30 528.2</b>	<b>30 128.2</b>	<b>10.2%</b>	<b>100.0%</b>	<b>33 955.5</b>	<b>36 631.3</b>	<b>39 387.7</b>	<b>9.3%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(178.5)	(578.5)			31.1	(53.9)	(249.5)		
<b>Economic classification</b>												
<b>Current payments</b>	<b>898.0</b>	<b>1 083.4</b>	<b>1 190.1</b>	<b>1 628.0</b>	<b>1 428.0</b>	<b>16.7%</b>	<b>4.3%</b>	<b>2 014.1</b>	<b>2 107.7</b>	<b>2 017.9</b>	<b>12.2%</b>	<b>5.4%</b>
Compensation of employees	353.7	409.7	482.3	538.4	540.5	15.2%	1.7%	597.2	637.3	674.7	7.7%	1.7%
Goods and services	544.4	673.7	707.8	1 089.6	887.5	17.7%	2.6%	1 416.9	1 470.4	1 343.2	14.8%	3.7%
<i>of which:</i>												
<i>Consultants and professional services: Business and advisory services</i>	66.7	110.6	185.8	148.2	148.2	30.5%	0.5%	126.5	128.8	136.6	-2.7%	0.4%
<i>Contractors</i>	22.0	6.6	9.8	313.8	113.8	73.0%	0.1%	416.0	434.4	467.4	60.1%	1.0%
<i>Inventory: Medical supplies</i>	119.5	124.2	112.4	140.8	140.8	5.6%	0.5%	149.2	189.3	218.7	15.8%	0.5%
<i>Inventory: Medicine</i>	30.0	20.0	32.1	1.1	1.1	-66.7%	0.1%	201.2	201.2	2.9	38.6%	0.3%
<b>Transfers and subsidies</b>	<b>21 604.0</b>	<b>24 598.8</b>	<b>26 682.7</b>	<b>28 433.8</b>	<b>28 433.8</b>	<b>9.6%</b>	<b>95.4%</b>	<b>30 916.4</b>	<b>33 462.3</b>	<b>36 213.4</b>	<b>8.4%</b>	<b>92.1%</b>
Provinces and municipalities	21 042.0	24 034.8	26 071.7	27 686.4	27 686.4	9.6%	93.0%	30 111.3	32 484.4	35 183.9	8.3%	89.6%
Departmental agencies and accounts	420.7	379.4	392.7	540.7	540.7	8.7%	1.6%	596.0	770.2	811.0	14.5%	1.9%
Higher education institutions	2.0	12.8	21.0	7.0	7.0	51.8%	0.0%	3.0	3.1	3.3	-22.1%	0.0%
Non-profit institutions	138.7	166.9	196.2	199.8	199.8	12.9%	0.7%	206.1	204.6	215.1	2.5%	0.6%
Households	0.6	5.0	1.1	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>17.8</b>	<b>28.7</b>	<b>20.4</b>	<b>466.4</b>	<b>266.4</b>	<b>146.5%</b>	<b>0.3%</b>	<b>1 025.0</b>	<b>1 061.3</b>	<b>1 156.4</b>	<b>63.1%</b>	<b>2.5%</b>
Buildings and other fixed structures	-	-	-	440.0	240.0		0.2%	979.9	1 021.2	1 115.2	66.9%	2.4%
Machinery and equipment	17.6	28.6	20.4	26.3	26.4	14.5%	0.1%	45.2	40.1	41.2	16.0%	0.1%
Software and other intangible assets	0.2	0.1	-	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.6</b>	<b>1.8</b>	<b>5.7</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>22 520.3</b>	<b>25 712.8</b>	<b>27 898.9</b>	<b>30 528.2</b>	<b>30 128.2</b>	<b>10.2%</b>	<b>100.0%</b>	<b>33 955.5</b>	<b>36 631.3</b>	<b>39 387.7</b>	<b>9.3%</b>	<b>100.0%</b>

## Personnel information

**Table 16.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost
<b>Health</b>																			
<b>Salary level</b>	<b>1 500</b>	<b>50</b>	<b>1 378</b>	<b>482.3</b>	<b>0.3</b>	<b>1 500</b>	<b>540.5</b>	<b>0.4</b>	<b>1 535</b>	<b>597.2</b>	<b>0.4</b>	<b>1 535</b>	<b>637.3</b>	<b>0.4</b>	<b>1 535</b>	<b>674.7</b>	<b>0.4</b>	<b>0.8%</b>	<b>100.0%</b>
1 – 6	546	28	532	86.5	0.2	547	88.1	0.2	551	98.0	0.2	551	103.3	0.2	551	107.9	0.2	0.2%	36.0%
7 – 10	584	7	528	166.1	0.3	585	177.8	0.3	638	230.8	0.4	638	243.7	0.4	638	257.5	0.4	2.9%	40.9%
11 – 12	234	7	195	108.6	0.6	234	128.7	0.5	209	120.5	0.6	209	133.3	0.6	209	140.5	0.7	-3.7%	14.1%
13 – 16	134	8	121	107.5	0.9	132	139.1	1.1	135	117.6	0.9	135	126.1	0.9	135	133.3	1.0	0.8%	8.8%
Other <sup>3</sup>	2	–	2	13.6	6.8	2	6.9	3.4	2	30.4	15.2	2	30.8	15.4	2	35.5	17.8	–	0.1%

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

2. Rand million.

3. Includes periodic payments to board members who do not form part of the establishment.

## Expenditure trends

The spending focus over the medium term will continue to be on increasing life expectancy and reducing the burden of disease by revitalising hospitals, providing specialised tertiary services, and preventing and treating HIV and AIDS. Thus, the bulk of the department's budget over the medium term is allocated to transfers of: the health facility revitalisation, national tertiary services, and health professions training and development grants in the *Hospitals, Tertiary Health Services and Human Resource Development* programme; and the comprehensive HIV and AIDS conditional grant in the *HIV and AIDS, TB, Maternal and Child Health* programme. Spending on the HIV and AIDS conditional grant is set to increase over the medium term to allow the department to put 500 000 new patients on antiretroviral treatment each year. The 2014 Budget provides a further Cabinet approved additional allocation of R1 billion in 2016/17 for the department to continue to provide the public greater access to antiretroviral treatment, which explains the significant increase projected in spending in the *HIV and AIDS, TB, Maternal and Child Health* programme in that year. In addition, the programme receives a Cabinet approved additional allocation of R200 million in both 2014/15 and 2015/16 through a newly formed component of the national health grant to provide for the rollout of the human papilloma virus vaccine, which protects women and girls against cervical cancer. Once the rollout of the vaccine is under way, it will be funded through the provincial equitable share in 2016/17.

Together with a Cabinet approved additional allocation of R30 million in 2014/15 for a national survey on health demographics, the national health insurance component of the national health grant is set to increase spending in the *National Health Insurance, Health Planning and Systems Enablement* programme significantly over the MTEF period. This component of the grant provides for an expansion of the scheme's pilot programme in 10 districts, including contracting general medical practitioners, which explains the significant increase expected in spending on contractors over the medium term.

The *Hospitals, Tertiary Health Services and Human Resource Development* programme receives Cabinet approved additional allocations of R70 million over the MTEF period for capital assets for the forensic chemistry laboratories and for commissioning the new laboratory in Durban. The health facilities revitalisation component of the national health grant is set to continue increasing this programme's expenditure over the medium term as the department continues to revitalise hospitals, which is the reason for the increase in spending on payments for capital assets. However, allocations are reduced as a result of Cabinet approved reductions of R200 million, R254.8 million and R249.5 million over the medium term due to slow spending. These allocations will be reviewed as capacity improves. The programme receives a further R2 million through the health facilities revitalisation grant, which is transferred to provinces, to repair health infrastructure damaged by disasters. An additional R274 000 in 2013/14 was also allocated for this purpose. Spending in the *Health Regulation and Compliance Management* programme is projected to increase significantly over the medium term to strengthen the Medical Research Council's research programmes and to allow the Office of Standards Compliance, which is currently a subprogramme in the department, to employ

additional staff to establish itself and build its inspectorate function. This is set to increase the department's establishment from 1 500 in 2013/14 to 1 535 in 2014/15. From 2014/15, the Office of Standards Compliance is set to become a standalone public entity.

### Infrastructure spending

The department's infrastructure spending is funded through two conditional grants: the provincially delivered health facilities revitalisation grant and the nationally delivered health facility revitalisation component of the national health grant. The total spending on conditional grants for infrastructure projects was R5.5 billion in 2012/13 and unaudited figures put expenditure in 2013/14 at R5.5 billion. R19.1 billion is budgeted for infrastructure projects over the MTEF period.

#### Mega projects

There are currently 7 mega projects being implemented by national or provincial departments, funded by conditional grants. Each project has a total estimated cost of more than R1 billion. R919.7 million was spent on these projects in 2012/13 and constituted 16.6 per cent of overall infrastructure expenditure. King George V Hospital in KwaZulu-Natal is scheduled for completion in 2013/14, while Natalspruit Hospital in Gauteng was completed in 2013/14 and is to be commissioned early in 2014/15. R2.8 billion has been allocated over the medium term for the remaining 5 mega projects.

#### Large projects

There are currently 50 large infrastructure projects being implemented by the national or provincial departments funded by the conditional grants. Each project has a total estimated cost of more than R250 million, but less than R1 billion. In 2012/13, the provincial departments spent R2.5 billion on large projects, or 44.9 per cent of overall infrastructure expenditure. In 2013/14, the projects to build hospitals in Zola in Gauteng, Ladybrand in Free State, and Upington in Northern Cape were completed and are currently being commissioned. Over the MTEF period, R9 billion has been allocated for the remaining large health infrastructure projects.

#### Small projects

R2.1 billion spent by the provincial departments of health on small projects, such as the construction and upgrading of clinics, community health centres and nursing colleges, makes up the remaining 38 per cent of overall expenditure in 2012/13. Over the medium term, the small projects will involve the installation of mobile doctors' consulting rooms in the national health insurance pilot districts, as well as minor maintenance of health facilities carried out by students at further education and training colleges. R7.3 billion will be invested in small projects over the medium term.

## Departmental receipts

Table 16.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
<b>Departmental receipts</b>	<b>27 248</b>	<b>55 300</b>	<b>33 830</b>	<b>23 476</b>	<b>39 408</b>	<b>13.1%</b>	<b>100.0%</b>	<b>32 760</b>	<b>32 772</b>	<b>34 187</b>	<b>-4.6%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>25 907</b>	<b>32 922</b>	<b>37 714</b>	<b>22 224</b>	<b>38 040</b>	<b>13.7%</b>	<b>86.4%</b>	<b>31 512</b>	<b>31 524</b>	<b>32 751</b>	<b>-4.9%</b>	<b>96.2%</b>
Sales by market establishments	89	113	145	108	132	14.0%	0.3%	132	132	140	2.0%	0.4%
of which:												
Parking	89	113	145	108	132	14.0%	0.3%	132	132	140	2.0%	0.4%
Administration fees	25 649	32 557	37 307	21 922	37 692	13.7%	85.5%	31 152	31 152	32 352	-5.0%	95.1%
of which:												
Medical (drug control) licences	2 533	1 786	2 223	3 400	3 540	11.8%	6.5%	3 000	3 000	3 200	-3.3%	9.2%
Drug control	23 116	30 771	35 084	18 522	34 152	13.9%	79.0%	28 152	28 152	29 152	-5.1%	86.0%
Other sales	169	252	262	194	216	8.5%	0.6%	228	240	259	6.2%	0.7%
of which:												
Yellow fever	27	43	79	24	36	10.1%	0.1%	36	36	40	3.6%	0.1%
Replacement of security cards	9	13	11	15	12	10.1%	-	12	12	15	7.7%	-
Commission on insurance	133	147	172	155	168	8.1%	0.4%	180	192	204	6.7%	0.5%
Asset less than R5 000	-	49	-	-	-	-	-	-	-	-	-	-

Table 16.4 Receipts

R thousand	Audited outcome			Adjusted estimate 2013/14	Revised estimate	Average growth rate (%) 2010/11 - 2013/14	Receipt/ total: Average (%) 2013/14	Medium-term receipts estimate			Average growth rate (%) 2013/14 - 2016/17	Receipt/ total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13					2014/15	2015/16	2016/17		
Sales of scrap, waste, arms and other used current goods	59	45	36	38	36	-15.2%	0.1%	36	36	36	-	0.1%
<i>of which:</i>												
Scrap paper	59	45	36	38	36	-15.2%	0.1%	36	36	36	-	0.1%
Interest, dividends and rent on land	355	425	460	300	420	5.8%	1.1%	300	300	450	2.3%	1.1%
Interest	355	425	460	300	420	5.8%	1.1%	300	300	450	2.3%	1.1%
Sales of capital assets	-	67	-	-	-	-	-	-	-	-	-	-
Transactions in financial assets and liabilities	927	21 841	(4 380)	914	912	-0.5%	12.4%	912	912	950	1.4%	2.6%
<b>Total</b>	<b>27 248</b>	<b>55 300</b>	<b>33 830</b>	<b>23 476</b>	<b>39 408</b>	<b>13.1%</b>	<b>100.0%</b>	<b>32 760</b>	<b>32 772</b>	<b>34 187</b>	<b>-4.6%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 16.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/ total: Average (%) 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/ total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Ministry	25.9	27.3	25.5	35.4	10.9%	8.4%	31.0	32.5	34.4	-0.9%	7.9%
Management	29.8	20.7	20.3	27.4	-2.7%	7.2%	26.5	27.8	29.5	2.5%	6.6%
Corporate Services	126.2	145.3	158.1	191.2	14.9%	45.4%	184.6	201.4	212.5	3.6%	47.0%
Office Accommodation	55.2	92.1	93.0	97.5	20.9%	24.7%	105.8	110.7	116.6	6.1%	25.6%
Financial Management	25.9	32.2	83.3	54.2	27.9%	14.3%	51.7	54.1	56.8	1.6%	12.9%
<b>Total</b>	<b>263.0</b>	<b>317.6</b>	<b>380.2</b>	<b>405.7</b>	<b>15.5%</b>	<b>100.0%</b>	<b>399.7</b>	<b>426.4</b>	<b>449.7</b>	<b>3.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(5.2)			(20.1)	(21.0)	(20.5)		

#### Economic classification

<b>Current payments</b>	<b>257.3</b>	<b>306.1</b>	<b>369.4</b>	<b>398.6</b>	<b>15.7%</b>	<b>97.4%</b>	<b>392.4</b>	<b>420.2</b>	<b>443.2</b>	<b>3.6%</b>	<b>98.4%</b>
Compensation of employees	108.1	112.2	137.4	167.1	15.6%	38.4%	161.6	170.5	180.0	2.5%	40.4%
Goods and services	149.1	193.8	232.0	231.5	15.8%	59.0%	230.8	249.7	263.1	4.4%	58.0%
<i>of which:</i>											
Audit cost: External	14.7	19.5	22.8	25.6	20.3%	6.0%	26.3	28.0	28.0	3.1%	6.4%
Communication	13.3	13.7	10.5	18.8	12.1%	4.1%	14.2	14.9	21.4	4.5%	4.1%
Operating leases	49.8	89.5	82.8	94.7	23.9%	23.2%	103.1	107.8	106.3	3.9%	24.5%
Travel and subsistence	20.2	18.3	21.5	25.4	7.9%	6.3%	15.7	16.2	25.2	-0.3%	4.9%
<b>Transfers and subsidies</b>	<b>0.6</b>	<b>4.6</b>	<b>0.6</b>	<b>1.3</b>	<b>34.0%</b>	<b>0.5%</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>	<b>5.7%</b>	<b>0.3%</b>
Departmental agencies and accounts	0.4	0.4	0.5	1.3	53.0%	0.2%	1.4	1.5	1.6	5.7%	0.3%
Households	0.2	4.2	0.1	-	-100.0%	0.3%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>5.2</b>	<b>6.6</b>	<b>5.5</b>	<b>5.8</b>	<b>3.5%</b>	<b>1.7%</b>	<b>5.9</b>	<b>4.8</b>	<b>5.0</b>	<b>-4.6%</b>	<b>1.3%</b>
Machinery and equipment	5.1	6.5	5.5	5.8	4.2%	1.7%	5.9	4.8	5.0	-4.6%	1.3%
Software and other intangible assets	0.1	0.1	-	-	-100.0%	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.3</b>	<b>4.7</b>	<b>-</b>	<b>-100.0%</b>	<b>0.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>263.0</b>	<b>317.6</b>	<b>380.2</b>	<b>405.7</b>	<b>15.5%</b>	<b>100.0%</b>	<b>399.7</b>	<b>426.4</b>	<b>449.7</b>	<b>3.5%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.4%</b>	<b>1.3%</b>			<b>1.2%</b>	<b>1.2%</b>	<b>1.1%</b>		

#### Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
<b>Current</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>1.3</b>	<b>53.0%</b>	<b>0.2%</b>	<b>-</b>	<b>1.5</b>	<b>1.6</b>	<b>5.7%</b>	<b>0.3%</b>
Health and Welfare Sector Education and Training Authority	0.4	0.4	0.5	1.3	50.4%	0.2%	-	1.4	1.5	5.7%	0.2%
Public Service Sector Education and Training Authority	-	-	-	0.1	-	-	-	0.1	0.1	5.6%	-

## Personnel information

Table 16.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)					
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17				
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost	
Administration		530	10	498	137.4	0.3	530	167.1	0.3	488	161.6	0.3	488	170.5	0.3	488	180.0	0.4	-2.7%	100.0%
Salary level		270	6	267	39.4	0.1	270	41.8	0.2	246	41.7	0.2	246	44.0	0.2	246	46.3	0.2	-3.1%	50.6%
1 – 6		161	1	140	41.6	0.3	161	51.9	0.3	146	49.4	0.3	146	52.0	0.4	146	55.3	0.4	-3.2%	30.0%
7 – 10		49	1	50	25.0	0.5	51	29.6	0.6	54	32.4	0.6	54	34.1	0.6	54	36.3	0.7	1.9%	10.7%
11 – 12		48	2	39	27.7	0.7	46	40.1	0.9	40	34.2	0.9	40	36.3	0.9	40	37.8	0.9	-4.6%	8.3%
13 – 16		2	–	2	3.7	1.8	2	3.7	1.8	2	3.9	1.9	2	4.1	2.1	2	4.3	2.2	–	0.4%
Other																				

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on providing for the department's accommodation and corporate services needs. This is why operating leases and compensation of employees are the programme's largest spending items across the seven-year period. Filled posts over the medium term are expected to decrease to 488 in 2014/15, where they are set to remain over the medium term, which is why expenditure on compensation of employees is set to grow only marginally over the period. The decrease is mainly due to the shifting of programme managers from this programme to their respective line function programmes. At the end of November 2013, there were 24 vacant posts due to natural attrition.

Audit costs have increased sharply, from R14.7 million in 2010/11 to R25.6 million in 2013/14, due to the introduction of a mid-year audit of performance information. Office accommodation costs rose significantly in 2011/12 due to the payments to the Department of Public Works for the upgrade to the Civitas building, which the department has since occupied.

Spending in the *Financial Management* subprogramme over the medium term aims to support effective management and accountability in the department and assist all nine provincial health departments to improve audit opinions. Spending in the *Management* subprogramme in 2014/15 is set to decrease slightly due to the shifting of the staff and office costs of the deputy director generals to their respective programme budgets.

## Programme 2: National Health Insurance, Health Planning and Systems Enablement

### Objectives

- Monitor the prevalence of HIV and AIDS by conducting the 2014 national HIV survey in October and November 2014, and publishing the reports of the 2013 national HIV survey by December 2014.
- Complete the system design for a national integrated patient based information system by March 2019, to progressively implement an electronic health record system required for the national health insurance.
- Improve the use of information for planning by progressively expanding access to the national health information repository and data warehouse over the MTEF period.
- Improve access to essential medicines by maintaining a less than 3 per cent stock out level for drugs on the essential drugs list, tuberculosis drugs and antiretroviral medicines over the medium term.
- Implement the building blocks of the national health insurance by piloting components of the insurance policy in 10 health districts over the MTEF period.
- Regulate the cost of health care in South Africa by establishing a pricing commission that will create a platform for funders and providers of health services to negotiate prices of service providers in the private health sector by 2016/17.

- Provide stewardship and leadership for improving health outcomes through working with international development partners such as the Southern African Development Community (SADC), African Union (AU), United Nations (UN) agencies, the India-Brazil-South Africa (IBSA) and the Brazil-Russia-India-China-South Africa (BRICS) group of countries, and improving bilateral and multilateral relations, over the medium term.

## Subprogrammes

- *Programme Management* provides leadership to the programme in order to improve access to quality health services through the development and implementation of policies to achieve universal coverage, health financing reform, integrated health systems planning, reporting, monitoring and evaluation, and research. This subprogramme has 3 filled posts.
- *Technical Policy and Planning* provides advisory and strategic technical assistance on policy and planning, and supports policy implementation. In 2012/13, the department expanded the development of the national health information repository and data warehouse. The purpose of the repository is to create a national health information centre where information from different repositories will be stored and updated on a regular basis. Data and information from the repository were used to produce health profiles for all 9 provinces and 52 districts. The system was further expanded in 2013/14 with a focus on the use of the repository through scenario planning models. This subprogramme houses technical assistants, who are not on the fixed establishment of the department.
- *Health Information Management, Monitoring and Evaluation* develops and maintains a national health information system, commissions and coordinates research, implements disease notification surveillance programmes, and monitors and evaluates strategic health programmes. In 2012/13, a concerted effort was made to strengthen research and development. The department began with the implementation of recommendations from the national health research summit by funding 13 doctoral scholarships and an independent audit of 33 research ethics committees was commissioned on behalf of the National Health Research Ethics Council. In 2013/14, the Centre for Scientific and Industrial Research was commissioned to produce a normative standards framework for health information systems in South Africa and the result was approved by the National Health Council. In addition, HIV prevalence trends at national, provincial and district level continued to be monitored through the implementation of the annual antenatal sentinel HIV and herpes simplex prevalence surveys. This subprogramme has 48 filled posts.
- *Sector-wide Procurement* is responsible for the selection of essential medicines and equipment, the development of standard treatment guidelines, the administration of health tenders, and the licensing of persons and premises that deliver pharmaceutical services. Substantial progress has been made on medicine procurement, with almost all medicine tenders now awarded nationally. Significant cost savings have resulted, including with the awarding of the national antiretroviral tender. In 2012/13, initiatives were introduced to reform procurement systems for essential medicines. These included tender reforms, the development of systems for direct delivery and the awarding of tenders for service providers of chronic medicines. A key achievement in 2012/13 was the successful awarding of medicine tenders, which resulted in the saving of R2.1 billion. This subprogramme has 43 filled posts.
- *Health Financing and National Health Insurance* develops and implements policies, legislation and frameworks for the achievement of universal health coverage through the phased implementation of the national health insurance; commissions health financing research, including into alternative healthcare financing mechanisms for achieving universal health coverage; develops policy for the medical schemes industry; provides technical oversight over the Council for Medical Schemes; and provides technical and implementation oversight for the two national health insurance conditional grants. The cluster also comprises the directorate for pharmaceutical economic evaluation, which implements the single exit price regulations, develops policy and implements initiatives in relation to the dispensing of medicine and logistical fees. Over the medium term, the initiatives implemented through the pilot districts will be expanded to improve access and quality health care. In 2012/13 and 2013/14, a draft white paper on national health insurance and a draft national health insurance bill were developed. The Minister of Health conducted road shows involving a range of stakeholders in each of the national health insurance districts. The white paper on national health insurance will be tabled in Parliament, with further legislation and

regulations will be developed and implemented in the coming years. This subprogramme has 23 filled posts.

- *International Health and Development* develops and implements bilateral and multilateral agreements with strategic partners such as the SADC, AU, UN agencies, as well as other developing countries and economic groupings of countries such as India-Brazil-South Africa and Brazil-Russia-India-China-South Africa (BRICS), to strengthen the health system; manages processes involving the provision of technical capacity and financial assistance to South Africa; strengthens cooperation in areas of mutual interest globally; coordinates international development support; and profiles and lobbies for South Africa's policy position internationally. In 2012/13, the implementation of the Cuban medical brigade was facilitated to provide health services and training in Sierra Leone under the South Africa-Cuba-Sierra Leone trilateral project. Regarding the management of cross-border tuberculosis, the SADC heads of government signed the declaration on tuberculosis in the mining sector. This subprogramme has 37 filled posts.

## Expenditure estimates

**Table 16.7 National Health Insurance, Health Planning and Systems Enablement**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Programme Management	–	3.0	1.4	3.0	–	0.7%	3.0	3.1	3.3	4.0%	0.5%
Technical Policy and Planning	–	2.6	12.4	3.9	–	1.8%	2.1	2.2	2.3	-16.4%	0.4%
Health Information Management, Monitoring and Evaluation	21.6	51.9	41.7	44.9	27.6%	15.3%	53.7	24.8	26.6	-16.1%	6.3%
Sector-wide Procurement	13.1	15.6	19.8	21.7	18.4%	6.7%	23.0	24.1	25.4	5.4%	4.0%
Health Financing and National Health Insurance	26.6	39.8	166.4	370.3	140.6%	57.6%	487.2	511.2	535.0	13.0%	79.9%
International Health and Development	35.9	51.2	53.0	48.0	10.1%	18.0%	52.3	54.5	57.4	6.2%	8.9%
<b>Total</b>	<b>97.2</b>	<b>164.1</b>	<b>294.7</b>	<b>491.8</b>	<b>71.7%</b>	<b>100.0%</b>	<b>621.3</b>	<b>620.0</b>	<b>650.1</b>	<b>9.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(0.1)			(7.9)	(42.9)	(43.0)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>93.0</b>	<b>155.6</b>	<b>129.0</b>	<b>438.5</b>	<b>67.7%</b>	<b>77.9%</b>	<b>543.8</b>	<b>538.5</b>	<b>564.5</b>	<b>8.8%</b>	<b>87.5%</b>
Compensation of employees	50.8	57.2	74.7	70.3	11.5%	24.2%	67.2	70.8	74.6	2.0%	11.9%
Goods and services	42.2	98.4	54.2	368.1	105.9%	53.7%	476.6	467.7	489.9	10.0%	75.6%
<i>of which:</i>											
<i>Consultants and professional services:</i>	<i>0.5</i>	<i>1.1</i>	<i>1.1</i>	<i>15.5</i>	<i>223.0%</i>	<i>1.7%</i>	<i>7.0</i>	<i>5.7</i>	<i>1.4</i>	<i>-55.3%</i>	<i>1.2%</i>
<i>Business and advisory services</i>											
<i>Contractors</i>	<i>3.4</i>	<i>0.4</i>	<i>0.1</i>	<i>294.6</i>	<i>344.5%</i>	<i>28.5%</i>	<i>395.8</i>	<i>414.7</i>	<i>438.3</i>	<i>14.2%</i>	<i>64.8%</i>
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>7.8</b>	<b>164.4</b>	<b>51.0</b>	<b>1403.2%</b>	<b>21.3%</b>	<b>75.0</b>	<b>79.0</b>	<b>82.9</b>	<b>17.6%</b>	<b>12.1%</b>
Provinces and municipalities	–	–	150.0	51.0	–	19.2%	70.0	74.0	77.9	15.2%	11.4%
Departmental agencies and accounts	–	5.4	9.5	–	–	1.4%	–	–	–	–	–
Non-profit institutions	–	2.4	4.6	–	–	0.7%	5.0	5.0	5.0	–	0.6%
<b>Payments for capital assets</b>	<b>4.2</b>	<b>0.7</b>	<b>1.2</b>	<b>2.4</b>	<b>-16.4%</b>	<b>0.8%</b>	<b>2.4</b>	<b>2.5</b>	<b>2.7</b>	<b>3.3%</b>	<b>0.4%</b>
Machinery and equipment	4.1	0.6	1.2	2.4	-16.2%	0.8%	2.4	2.5	2.7	3.3%	0.4%
Software and other intangible assets	0.0	0.1	–	–	-100.0%	–	–	–	–	–	–
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.2</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>97.2</b>	<b>164.1</b>	<b>294.7</b>	<b>491.8</b>	<b>71.7%</b>	<b>100.0%</b>	<b>621.3</b>	<b>620.0</b>	<b>650.1</b>	<b>9.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.4%</b>	<b>0.6%</b>	<b>1.1%</b>	<b>1.6%</b>			<b>1.8%</b>	<b>1.7%</b>	<b>1.7%</b>		

**Table 16.7 National Health Insurance, Health Planning and Systems Enablement**

Details of selected transfers and subsidies		Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
		2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million												
<b>Non-profit institutions</b>												
<b>Current</b>												
Health, information, evaluation and research non-profit institutions	-	2.4	4.6	-	-	0.7%	5.0	5.0	5.0	-	0.6%	
Non-profit institutions	-	-	4.6	-	-	0.4%	-	-	-	-	-	
Health information systems programme	-	-	-	-	-	-	5.0	5.0	5.0	-	0.6%	
<b>Departmental agencies and accounts</b>												
<b>Departmental agencies (non-business entities)</b>												
<b>Current</b>												
Council for Scientific and Industrial Research	-	5.4	9.5	-	-	1.4%	-	-	-	-	-	
South African Medical Research Council	-	-	4.0	-	-	0.4%	-	-	-	-	-	
Human Sciences Research Council	-	-	5.0	-	-	0.5%	-	-	-	-	-	
National Health Laboratory Services cancer register	-	5.4	-	-	-	0.5%	-	-	-	-	-	
Provinces and municipalities	-	-	0.5	-	-	-	-	-	-	-	-	
<b>Provincial Revenue Funds</b>												
<b>Current</b>												
National health insurance grant	-	-	150.0	51.0	-	19.2%	70.0	74.0	77.9	15.2%	11.4%	
National health insurance grant	-	-	150.0	51.0	-	19.2%	70.0	74.0	77.9	15.2%	11.4%	

## Personnel information

**Table 16.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)		
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15			2015/16			2016/17						
National Health Insurance, Health Planning and Systems Enablement		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17
Salary level	161	3	160	74.7	0.5	161	70.3	0.4	155	67.2	0.4	155	70.8	0.5	155	74.6	0.5	-1.3%	100.0%	
1 - 6	39	-	39	7.2	0.2	39	6.9	0.2	42	8.1	0.2	42	8.5	0.2	42	9.0	0.2	2.5%	26.4%	
7 - 10	66	-	66	22.4	0.3	66	21.7	0.3	63	22.9	0.4	63	24.1	0.4	63	25.4	0.4	-1.5%	40.7%	
11 - 12	33	1	31	21.2	0.7	33	19.6	0.6	28	17.4	0.6	28	18.3	0.7	28	19.3	0.7	-5.3%	18.7%	
13 - 16	23	2	22	24.0	1.1	23	22.1	1.0	22	18.8	0.9	22	19.8	0.9	22	20.9	1.0	-1.5%	14.2%	

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on working towards attaining universal health care coverage by overseeing 10 national health insurance pilot projects, and conducting health economics research, particularly on the rollout of national health care and alternative health care financing mechanisms. These activities will be carried out through the *Health Financing and National Health Insurance* subprogramme, in which expenditure grew significantly in 2012/13 and 2013/14. The pilot projects began in 2012/13 and were funded through transfer payments. However, in 2013/14, the national health conditional grant was established to provide funding for the pilot projects and funds were shifted accordingly, from spending on transfers to spending on contractors to provide for general medical practitioners contracted to the projects.

The significant increase projected in expenditure in the *Health Information Management Monitoring and Evaluation* subprogramme in 2014/15 is due to a once-off allocation of R30 million for the South African demographic health survey. Used to collect population based health data, the survey is normally carried out every five years but has not been conducted since 2003/04.

Spending in the *International Health and Development* subprogramme increased from 2010/11 to fund a new health attaché position in Cuba, provide for more students sent to Cuba for medical training, and cover an increase in annual membership fees to the World Health Organisation. Spending in the *Sector-wide Procurement* subprogramme is set to increase at a slower rate over the medium term as the payment of

members of the Traditional Healers Council, who were appointed at the end of 2012/13, has been reallocated from 2014/15 to the *Hospital, Tertiary Health Services and Human Resource Development* programme.

The number of posts in this programme is expected to decrease slightly, from 161 to 155 in 2014/15, where it is set to remain over the medium term. This is why expenditure on compensation of employees is expected to decrease in 2014/15 and increase slightly thereafter. There were 5 vacant posts at the end of November 2013 due to natural attrition.

## **Programme 3: HIV and AIDS, TB, and Maternal and Child Health**

### **Objectives**

- Implement strategies such as the maternal, neonatal, child, women's health and nutrition strategic plan (2012-2016); the campaign for accelerated reduction of maternal mortality in Africa strategy and recommendations of the national confidential enquiry on maternal deaths and national perinatal morbidity and mortality committee in order to:
  - reduce the maternal mortality ratio to 215 per 100 000 live births by 2019
  - reduce the infant mortality rate to 24 per 1 000 live births by 2019
  - reduce under-five mortality rates to less than 34 per 1 000 live births by 2019.
- Protect girls from cancer of the cervix by vaccinating 80 per cent of Grade 4 girls in 2014/15 through the integrated school health programme.
- Improve health and educational outcomes among school-aged children by ensuring all children in quintile 1 and 2 public schools are receiving preventative health care by 2019.
- Improve access to antiretroviral treatment for HIV and AIDS by providing access to treatment for an additional 500 000 patients per annum to reach the target of 5 million patients accessing treatment by March 2019.
- Contribute to the reduction of new HIV infections by performing 5 million medical male circumcisions by 2019.
- Improve tuberculosis treatment outcomes by increasing the new pulmonary cure rate to 85 per cent by 2017.

### **Subprogrammes**

- *Programme Management* supports the policy development, implementation and coordination of health programmes for HIV and AIDS and sexually transmitted infections, tuberculosis, maternal and child health, and women's health. This subprogramme had a staff complement of 5 in 2013/14.
- *HIV and AIDS* develops national policy and administers national HIV and AIDS and sexually transmitted infection programmes. This entails coordinating the implementation of the 2012-2016 national strategic plan on HIV and AIDS, sexually transmitted infections and tuberculosis. In 2012/13, emphasis was placed on the key strategic objectives of scaling up a combination of prevention interventions and improving quality of life by providing appropriate treatment to those living with HIV and AIDS. Just under 9 million people were tested, 422 262 males were circumcised, 612 118 new patients began treatment and a fixed dose combination of antiretroviral triple therapy was introduced to improve both access to treatment and patients' adherence to treatment. This subprogramme funds stipends of 36 000 community health workers providing services that include adherence support to more than 1 million patients who are on antiretrovirals. In 2014/15, the uptake of medical male circumcision will be improved by increasing the number of sites that conduct circumcisions, fast tracking the procurement of circumcision packs and recruiting doctors. This subprogramme has 61 filled posts.
- *Tuberculosis* develops national policies and guidelines, and sets norms and standards for tuberculosis. In line with the 20-year vision outlined in the new 2012-2016 national strategic plan for HIV, sexually transmitted infections and tuberculosis, core interventions will be scaled up, including intensified case finding and the rollout of rapid diagnostics using GeneXpert technology. The plan instructs that key populations with an elevated risk of being infected with tuberculosis and HIV be prioritised for enhanced

support, including miners, children and inmates in correctional services facilities. Tuberculosis cure and defaulter rates continued to improve. In 2012/13, the tuberculosis cure rate was 73.8 per cent (and 75.2 per cent in first quarter of 13/14), compared to 73.1 per cent in 2011/12. The defaulter rate was 6.1 per cent in 12/13 and 5.9 per cent in the first quarter of 13/14, compared to 6.8 per cent in 2011/12. This subprogramme had 18 filled posts.

- *Women's, Maternal and Reproductive Health* develops and monitors policies and guidelines, and sets norms and standards for maternal and women's health. Key initiatives include reducing maternal mortality using the recommendations from the ministerial committee on maternal mortality and the South African campaign on the accelerated reduction of maternal and child mortality in Africa strategy. Interventions will include: deploying obstetric ambulances, strengthening family planning services, establishing maternity waiting homes, establishing kangaroo mother care facilities, taking essential steps in managing obstetric emergency training for doctors and midwives, and strengthening infant feeding practices. In 2012/13, 44 per cent of pregnant mothers received antenatal care at primary health care facilities within their first 20 weeks of pregnancy, an improvement on the 40.2 per cent achieved in 2011/12. 55.4 per cent of women older than 30 years had been screened for the cancer of the cervix at least once in the last 10 years. There are indications that the subprogramme is positively affecting health outcomes. For example, the Medical Research Council's 2012 report on rapid mortality surveillance shows a significant reduction in mortality rates in South Africa: the under-five mortality rate decreased from 56 deaths per 1 000 live births in 2009 to 42 in 2011, and the infant mortality rate per 1 000 live births decreased from 40 in 2009 to 30 in 2011. This subprogramme has 22 filled posts.
- *Child, Youth and School Health* is discussed in more detail below.

## Expenditure estimates

**Table 16.9 HIV and AIDS, Tuberculosis, Maternal and Child Health**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Programme Management	–	1.1	3.5	3.0	–	–	3.6	3.8	4.0	9.8%	–
HIV and AIDS	6 404.3	7 852.9	9 127.9	10 979.2	19.7%	99.3%	12 784.4	14 459.8	16 226.9	13.9%	98.8%
Tuberculosis	15.8	16.6	13.4	25.8	17.7%	0.2%	26.4	27.7	29.2	4.2%	0.2%
Women's Maternal and Reproductive Health	11.8	15.5	10.7	17.0	12.8%	0.2%	17.1	17.9	19.1	4.0%	0.1%
Child, Youth and School Health	39.4	29.9	13.4	17.0	-24.5%	0.3%	218.4	219.3	20.4	6.3%	0.9%
<b>Total</b>	<b>6 471.3</b>	<b>7 916.0</b>	<b>9 169.0</b>	<b>11 042.0</b>	<b>19.5%</b>	<b>100.0%</b>	<b>13 049.9</b>	<b>14 728.6</b>	<b>16 299.5</b>	<b>13.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				12.8			181.5	181.1	(3.0)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>284.1</b>	<b>258.2</b>	<b>219.5</b>	<b>305.4</b>	<b>2.4%</b>	<b>3.1%</b>	<b>533.1</b>	<b>565.9</b>	<b>386.3</b>	<b>8.1%</b>	<b>3.2%</b>
Compensation of employees	48.8	53.0	59.4	63.9	9.4%	0.7%	64.4	67.4	71.0	3.6%	0.5%
Goods and services	235.3	205.2	160.0	241.5	0.9%	2.4%	468.7	498.6	315.3	9.3%	2.8%
<i>of which:</i>											
<i>Consultants and professional services:</i>	6.1	2.8	9.5	25.1	60.1%	0.1%	16.5	20.1	29.5	5.5%	0.2%
<i>Business and advisory services</i>											
<i>Contractors</i>	0.5	0.0	1.1	2.7	72.2%	–	2.9	3.0	2.3	-5.9%	–
<i>Inventory: Medical supplies</i>	116.8	124.1	112.4	140.0	6.2%	1.4%	148.4	188.4	218.2	15.9%	1.3%
<i>Inventory: Medicine</i>	30.0	20.0	–	–	-100.0%	0.1%	200.0	200.0	–	–	0.7%
<b>Transfers and subsidies</b>	<b>6 186.1</b>	<b>7 655.4</b>	<b>8 948.4</b>	<b>10 734.9</b>	<b>20.2%</b>	<b>96.9%</b>	<b>12 515.1</b>	<b>14 160.8</b>	<b>15 911.3</b>	<b>14.0%</b>	<b>96.7%</b>
Provinces and municipalities	6 051.8	7 493.0	8 762.8	10 533.9	20.3%	94.9%	12 311.3	13 957.0	15 696.8	14.2%	95.2%
Departmental agencies and accounts	–	–	7.0	11.0	–	0.1%	15.0	15.0	15.8	13.0%	0.1%
Higher education institutions	2.0	5.6	–	3.0	14.5%	–	3.0	3.1	3.3	3.3%	–
Non-profit institutions	132.1	156.9	178.5	187.0	12.3%	1.9%	185.8	185.6	195.5	1.5%	1.4%
Households	0.3	0.0	0.0	–	-100.0%	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.9</b>	<b>0.8</b>	<b>1.0</b>	<b>1.7</b>	<b>23.5%</b>	<b>–</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>	<b>3.2%</b>	<b>–</b>
Machinery and equipment	0.9	0.8	1.0	1.7	23.5%	–	1.7	1.8	1.9	3.2%	–
<b>Payments for financial assets</b>	<b>0.2</b>	<b>1.5</b>	<b>0.1</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>6 471.3</b>	<b>7 916.0</b>	<b>9 169.0</b>	<b>11 042.0</b>	<b>19.5%</b>	<b>100.0%</b>	<b>13 049.9</b>	<b>14 728.6</b>	<b>16 299.5</b>	<b>13.9%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	28.7%	30.8%	32.9%	36.2%			38.4%	40.2%	41.4%		

**Table 16.9 HIV and AIDS, Tuberculosis, Maternal and Child Health**

Details of selected transfers and subsidies	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)			
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16	2016/17	2013/14 - 2016/17
	R million													
<b>Non-profit institutions</b>														
<b>Current</b>	132.1	156.9	178.5	187.0	12.3%	1.9%	185.8	185.6	195.5	1.5%	1.4%			
Lifeline	16.2	16.5	17.6	18.3	4.1%	0.2%	19.0	19.9	-	-100.0%	0.1%			
LoveLife	38.7	62.0	66.1	70.4	22.1%	0.7%	69.8	64.4	105.9	14.6%	0.6%			
Soul City	17.0	13.0	13.9	20.8	7.1%	0.2%	15.6	16.3	-	-100.0%	0.1%			
HIV and AIDS Non Profit Institutions	57.8	65.0	67.9	76.1	9.6%	0.8%	79.9	83.6	88.0	5.0%	0.6%			
TB non-governmental organisations	2.4	-	-	-	-100.0%	-	-	-	-	-	-			
South African AIDS Vaccine Institute	-	-	13.0	-	-	-	-	-	-	-	-			
Maternal, child and women's health Non Profit institutions	-	0.4	-	1.3	-	-	1.4	1.5	1.6	5.0%	-			
<b>Departmental agencies and accounts</b>														
<b>Departmental agencies (non-business entities)</b>														
<b>Current</b>	-	-	7.0	11.0	-	0.1%	15.0	15.0	15.8	13.0%	0.1%			
Human Science Research Council	-	-	7.0	-	-	-	-	-	-	-	-			
South African National AIDS Council	-	-	-	11.0	-	-	15.0	15.0	15.8	13.0%	0.1%			
<b>Provinces and municipalities</b>														
<b>Provinces</b>														
<b>Provincial Revenue Funds</b>														
<b>Current</b>	6 051.8	7 493.0	8 762.8	10 533.9	20.3%	94.9%	12 311.3	13 957.0	15 696.8	14.2%	95.2%			
Comprehensive HIV and AIDS grant	6 051.8	7 493.0	8 762.8	10 533.9	20.3%	94.9%	12 311.3	13 957.0	15 696.8	14.2%	95.2%			
<b>Higher education institutions</b>														
<b>Current</b>	2.0	5.6	-	3.0	14.5%	-	3.0	3.1	3.3	3.3%	-			
University of Limpopo	2.0	0.6	-	2.0	-	-	2.0	2.1	2.2	3.3%	-			
University of Cape Town	-	-	-	1.0	-	-	1.0	1.0	1.1	3.3%	-			
University of the Witwatersrand	-	5.0	-	-	-	-	-	-	-	-	-			

## Personnel information

**Table 16.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
<b>HIV and AIDS, Tuberculosis, Maternal and Child Health</b>																			
Salary level	137	20	101	59.4	0.6	137	66.0	0.5	132	64.4	0.5	132	67.4	0.5	132	71.0	0.5	-1.2%	100.0%
1 - 6	10	13	6	1.0	0.2	10	1.9	0.2	19	3.7	0.2	19	3.9	0.2	19	4.1	0.2	23.9%	12.6%
7 - 10	80	1	49	17.5	0.4	80	27.2	0.3	75	27.4	0.4	75	28.9	0.4	75	30.5	0.4	-2.1%	57.2%
11 - 12	29	3	27	15.1	0.6	29	16.2	0.6	21	12.2	0.6	21	12.9	0.6	21	13.6	0.6	-10.2%	17.3%
13 - 16	18	3	19	18.1	1.0	18	17.5	1.0	17	16.6	1.0	17	16.9	1.0	17	18.4	1.1	-1.9%	12.9%
Other	-	-	-	7.8	-	-	3.2	-	-	4.5	-	-	4.8	-	-	4.4	-	-	-

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing for the treatment of HIV and AIDS by making transfers of the comprehensive HIV and AIDS conditional grant through the *HIV and AIDS* subprogramme. This subprogramme has grown significantly since 2010/11, and has lowered child mortality rates by reducing mother to child HIV transmission from 3.5 per cent to 2.5 per cent, increased antiretroviral treatment coverage by an average of 500 000 new patients per year, increased the number of medical male circumcisions, lowered adult mortality rates, and maintained HIV testing at consistently high levels.

The comprehensive HIV and AIDS grant is set to continue growing at an average annual rate of 14.2 per cent over the medium term to strengthen HIV and AIDS testing and prevention programmes and increase the number of people on antiretroviral treatment. In support of the programme's HIV and AIDS treatment and prevention strategy, the programme receives an additional R15 million in 2015/16 and R15.8 million in 2016/17 for the transfer to the South African National AIDS Council to support the implementation of the 2012-2016 national strategic plan on HIV, sexually transmitted infections and tuberculosis. In addition,

expenditure on medical supplies, mainly male and female condoms, is projected to increase at an average annual rate of 15.9 per cent over the medium term.

The growth in spending in the *Women's, Maternal and Reproductive Health* subprogramme since 2010/11 was due to the expansion of women's health activities, such as supporting the deployment of obstetric ambulances, strengthening family planning services and establishing maternity waiting homes to ensure that the relevant millennium development goals are being met.

The programme had 14 vacancies at the end of November 2013. The number of employees, mainly at the lower salary levels, is expected to decrease slightly from the current 137 in 2013/14 to 132 in 2014/15 due to the reprioritisation of posts to align the organisational structure with the department's strategic direction.

### Subprogramme: Child, Youth and School Health

*Child, Youth and School Health* develops and monitors policies and guidelines, and sets norms and standards for child health. Over the medium term, key initiatives will be implemented in line with the maternal and child health strategic plan. These include the continued rollout of the integrated school health programme to cover all learning phases, prioritising underserved and under-resourced schools, and strengthening the immunisation programme. Empirical evidence shows that South Africa has managed to reduce child mortality in the last five years. This is a positive outcome emanating from the scale-up of prevention of mother to child transmission of HIV, the rollout of antiretroviral therapy, new child vaccines (pneumococcus and rotovirus) and other child survival programmes. In 2012/13, the president launched a multisectoral school health programme. To support its implementation, a communication strategy, a recording and reporting system, a toolkit for school governing bodies and a memorandum of understanding between the departments of basic education, health and social development are being developed. In addition, a training package was developed for school health nurses, with training taking place in all provinces. In 2014/15, the fight against cervical cancer will be intensified through the provision of human papilloma virus vaccinations to Grade 4 girls. This subprogramme has 22 filled posts.

### Expenditure estimates

Table 16.11 Child, Youth and School Health

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million	39.4	29.9	13.3	16.7	-24.9%	99.5%	218.1	219.0	20.0	6.3%	99.7%
<b>Current payments</b>	<b>39.4</b>	<b>29.9</b>	<b>13.3</b>	<b>16.7</b>	<b>-24.9%</b>	<b>99.5%</b>	<b>218.1</b>	<b>219.0</b>	<b>20.0</b>	<b>6.3%</b>	<b>99.7%</b>
Compensation of employees	6.7	7.1	9.9	10.7	16.5%	34.5%	11.8	12.5	13.2	7.2%	10.1%
Goods and services	32.6	22.8	3.3	6.0	-43.1%	64.9%	206.2	206.5	6.9	4.6%	89.6%
of which:											
Consultants and professional services:	0.1	2.8	0.1	0.0	-25.9%	3.0%	0.1	0.1	0.1	28.9%	0.1%
Business and advisory services	-	-	-	-	-	-	-	-	-	-	-
Contractors	-	-	0.0	0.1	-	0.1%	0.1	0.1	0.1	-3.5%	0.1%
Inventory: Medicine	30.0	20.0	-	-	-100.0%	50.2%	200.0	200.0	-	-	84.2%
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.3</b>	<b>103.0%</b>	<b>0.5%</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>3.2%</b>	<b>0.3%</b>
Machinery and equipment	0.0	0.0	0.1	0.3	103.0%	0.5%	0.3	0.3	0.4	3.2%	0.3%
<b>Total</b>	<b>39.4</b>	<b>29.9</b>	<b>13.4</b>	<b>17.0</b>	<b>-24.5%</b>	<b>100.0%</b>	<b>218.4</b>	<b>219.3</b>	<b>20.4</b>	<b>6.3%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>0.6%</b>	<b>0.4%</b>	<b>0.1%</b>	<b>0.2%</b>			<b>1.7%</b>	<b>1.5%</b>	<b>0.1%</b>		

## Personnel information

**Table 16.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit	Number	Cost	Unit	Number	Cost	Unit	Number	Cost	Unit				Number	Cost	Unit
<b>Child, Youth and School Health</b>																			
Salary level	25	–	21	9.9	0.5	22	12.8	0.6	25	11.8	0.5	25	12.5	0.5	25	13.3	0.5	4.4%	100.0%
1 – 6	4	–	2	0.3	0.2	2	0.4	0.2	4	0.7	0.2	4	0.8	0.2	4	0.8	0.2	26.0%	14.4%
7 – 10	14	–	12	4.3	0.4	12	5.1	0.4	14	5.3	0.4	14	5.6	0.4	14	5.9	0.4	5.3%	55.7%
11 – 12	4	–	4	2.6	0.7	6	4.8	0.8	4	2.3	0.6	4	2.5	0.6	4	2.6	0.7	-12.6%	18.6%
13 – 16	3	–	3	2.8	0.9	2	2.5	1.2	3	3.5	1.2	3	3.7	1.2	3	3.9	1.3	14.5%	11.3%

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

2. Rand million.

## Expenditure trends

The bulk of the subprogramme's budget over the medium term is allocated to the introduction of the vaccination against the human papilloma virus in 2014/15 and 2015/16, which is why spending on medical supply inventory is set to increase significantly in those years. The subprogramme receives additional amounts of R200 million in both 2014/15 and 2015/16 for this purpose. However, from 2016/17, the grant will be transferred through the provincial equitable share, which is why expenditure in the subprogramme is set to decrease significantly in that year. With these additional allocations, the department aims to provide the vaccine to 80 per cent of Grade 4 girls in 2014/15.

The decline in expenditure between 2010/11 and 2013/14 was a result of once-off allocations in 2010/11 for the start-up of new pneumococcal and rotavirus vaccine programmes, which are now funded from provincial health budgets.

The number of filled posts is expected to increase from 22 to 25 over the medium term, which will bring the subprogramme in line with the approved organisational structure. Spending on compensation of employees is set to grow at an average annual rate of 7.2 per cent over the medium term as a result. As at the end of November 2013, the subprogramme had 3 vacant posts, which were caused by natural attrition.

## Programme 4: Primary Health Care Services

### Objectives

- Improve intersectoral collaboration with a focus on 6 pillars of a healthy lifestyle to reduce non-communicable diseases by establishing a National Health Commission by March 2016.
- Improve access to health care through the expansion of ward based outreach teams to 2 912 teams in 23 rural districts by March 2019.
- Develop strategies to ensure and scale up the number of primary health care facilities that are fully compliant with national core standards to 2 050 by March 2019.
- Eliminate malaria by 2018 by reducing local malaria transmission cases to 0 per 1 000 population at risk, through the continued implementation of the malaria elimination strategy.
- Strengthen epidemic preparedness and response through an intensive capacity building programme and establish outbreak response teams in all districts by 2015/16.
- Reduce micronutrient deficiencies by increasing coverage of Vitamin A supplementation to children aged 12-59 months and strengthening the fortification programme over the medium term.
- Improve infant and young child feeding practices by promoting breastfeeding in health facilities and communities on an ongoing basis.
- Ensure improved delivery of service by standardising emergency medical service activities and service delivery models on an ongoing basis, so that clients receive acceptable, affordable and efficient emergency services.

- Ensure improved pre-hospital care to health care recipients by enhancing training within emergency care on an ongoing basis.
- Reduce mortality and morbidity from chronic non-communicable diseases, mental illness and oral health through improved prevention and control interventions, thereby reducing premature mortality by 20 per cent by 2020.
- Improve health services for people with disabilities by increasing rehabilitation services to people with disabilities by 10 per cent by 2017.
- Increase quality, accessibility and life expectancy through expanding the integrated chronic disease management model to 50 per cent of public health facilities by 2019.

## Subprogrammes

- *Programme Management* supports the development and implementation of legislation, policies, systems, and norms and standards for a uniform district health system, environmental health, communicable and non-communicable diseases, health promotion, and nutrition. This subprogramme has 3 filled posts.
- *District Services and Environmental Health* promotes, coordinates and institutionalises the district health system; integrates programme implementation using the primary health care approach; coordinates delivery of environmental health including monitoring and delivery of municipal health services; and implements the stream of primary health care re-engineering on ward based outreach teams inclusive of community based services. The programme develops norms and standards for all aspects of the district health system, primary health care and environmental health services. In 2012/13, 945 ward based outreach teams were established. The supervisory rate was increased from 66 per cent to 76 per cent and 51 out of 52 district health plans were received, 5 more than in 2011/12. In 2013/14, the department implemented a formal reporting system for ward based outreach teams. As at the end of the third quarter of 2013/14, there were 1 566 teams registered on the district health information system, of which 673 reported routine activities. This subprogramme has 22 filled posts.
- *Communicable Diseases* develops policies and supports provinces to ensure the control of infectious diseases, and supports the National Institute of Communicable Diseases, a division of the National Health Laboratory Service. The incidence of malaria has decreased to 6 613 cases and 64 deaths in 2012/13 compared to 8 746 cases and 82 deaths in 2011/12. The department is on track to achieve the objective of completely eliminating malaria by 2018 through the implementation of the malaria elimination strategy. The cumulative incidence for confirmed local cases was 0.18 per 1 000 at risk (n=919) and 0.28 (n=1404), including in cases of unknown origin in 2012/13. This subprogramme has 18 filled posts.
- *Non-Communicable Diseases* establishes policy, legislation and guidelines; and assists provinces in implementing and monitoring services for chronic non-communicable diseases, disability, elderly people, eye care, oral health, mental health and substance abuse and injury prevention. Over the medium term, legislation will be introduced to Parliament on regulating alcohol marketing. Campaigns will be run to prevent the risk factors for non-communicable diseases. A five-year strategic plan for the prevention and control of non-communicable diseases embracing 10 targets agreed on at the national summit for non-communicable diseases in 2011 was published in 2013/14. In addition, the national mental health policy framework and strategic plan (2013-2020) was finalised. Implementation of this plan, including setting up district mental health teams and improving mental health infrastructure and human resources, will be facilitated. In 2012/13, more cataract surgeries were undertaken through partnerships with non-governmental organisations that provided foreign ophthalmologists to assist with surgery waiting lists. This subprogramme has 35 filled posts.
- *Health Promotion and Nutrition* formulates and monitors policies, guidelines, and norms and standards for health promotion and nutrition. In 2012/13, the subprogramme completed a roadmap for improving nutrition in South Africa. Among others, an infant and young child feeding policy was developed. Regulations to control marketing of infant food in the same year were published. Coverage with vitamin A supplements for children from 12-59 months was 48 per cent in first quarter of 2013/14. Over the medium term, the focus will be on developing and implementing strategies aimed at reducing the incidence of obesity and stunting; and strengthening implementation of the nutrition roadmap and health promotion

policy and strategy. Efforts to encourage screening for non-communicable diseases will be strengthened. Over the medium term, emphasis will be placed on promoting health literacy in areas such as infant feeding, reducing obesity and improving infant growth monitoring. This subprogramme has 23 filled posts.

- *Violence, Trauma and EMS* formulates and monitors policies, guidelines, and norms and standards for the management of violence, trauma and emergency medical services. In 2013/14, the strategic plan for violence and injury prevention was developed and policy guidelines for the management for sexual assault and related offences were finalised. Both the plan and guidelines will be implemented to reduce the burden of violence and injury prevention on the health sector. This subprogramme has 8 filled posts.

## Expenditure estimates

**Table 16.13 Primary Health Care Services**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2016/17
R million											
Programme Management	–	2.5	1.9	3.3	–	2.0%	3.0	3.2	3.3	-0.1%	3.2%
District Services and Environmental Health	28.9	45.0	24.9	21.6	-9.2%	30.6%	25.8	27.0	28.4	9.6%	25.8%
Communicable Diseases	14.0	9.7	43.6	15.1	2.6%	21.0%	13.6	14.2	14.9	-0.3%	14.5%
Non-Communicable Diseases	25.7	24.2	22.7	25.9	0.3%	25.0%	25.7	27.0	28.6	3.3%	26.9%
Health Promotion and Nutrition	10.2	12.3	14.1	23.1	31.1%	15.2%	21.8	22.9	24.2	1.6%	23.1%
Violence, Trauma and EMS	3.5	3.7	3.7	13.6	57.1%	6.2%	3.7	4.0	4.3	-32.2%	6.4%
<b>Total</b>	<b>82.3</b>	<b>97.3</b>	<b>111.0</b>	<b>102.6</b>	<b>7.6%</b>	<b>100.0%</b>	<b>93.5</b>	<b>98.1</b>	<b>103.7</b>	<b>0.3%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(6.8)			(5.7)	(5.5)	(1.7)		

### Economic classification

<b>Current payments</b>	<b>75.5</b>	<b>94.6</b>	<b>106.2</b>	<b>98.6</b>	<b>9.3%</b>	<b>95.4%</b>	<b>87.6</b>	<b>94.0</b>	<b>99.3</b>	<b>0.2%</b>	<b>95.4%</b>
Compensation of employees	34.8	41.1	40.4	48.8	12.0%	42.0%	50.6	53.3	56.2	4.8%	52.5%
Goods and services	40.8	53.6	65.8	49.8	6.9%	53.4%	37.0	40.7	43.2	-4.7%	42.9%
<i>of which:</i>											
<i>Consultants and professional services:</i>											
<i>Business and advisory services</i>	21.4	35.0	4.4	14.7	-11.7%	19.2%	8.4	9.9	6.1	-25.6%	9.8%
<i>Contractors</i>	0.0	0.0	0.0	0.1	52.8%	0.1%	0.1	0.1	–	-100.0%	0.1%
<i>Inventory: Medical supplies</i>	2.1	0.1	–	–	-100.0%	0.6%	–	–	–	–	–
<i>Inventory: Medicine</i>	–	–	32.1	1.0	–	8.4%	1.1	1.1	2.9	41.5%	1.5%
<b>Transfers and subsidies</b>	<b>6.3</b>	<b>2.0</b>	<b>3.5</b>	<b>2.5</b>	<b>-26.7%</b>	<b>3.7%</b>	<b>4.4</b>	<b>2.6</b>	<b>2.7</b>	<b>2.4%</b>	<b>3.1%</b>
Departmental agencies and accounts	4.6	–	–	–	-100.0%	1.2%	–	–	–	–	–
Non-profit institutions	1.7	1.5	3.5	2.5	13.5%	2.3%	4.4	2.6	2.7	2.4%	3.1%
Households	0.0	0.5	0.0	–	-100.0%	0.1%	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.7</b>	<b>0.5</b>	<b>1.5</b>	<b>50.5%</b>	<b>0.8%</b>	<b>1.5</b>	<b>1.5</b>	<b>1.6</b>	<b>3.3%</b>	<b>1.5%</b>
Machinery and equipment	0.4	0.7	0.5	1.5	50.5%	0.8%	1.5	1.5	1.6	3.3%	1.5%
<b>Payments for financial assets</b>	<b>–</b>	<b>0.0</b>	<b>0.7</b>	<b>–</b>	<b>–</b>	<b>0.2%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>82.3</b>	<b>97.3</b>	<b>111.0</b>	<b>102.6</b>	<b>7.6%</b>	<b>100.0%</b>	<b>93.5</b>	<b>98.1</b>	<b>103.7</b>	<b>0.3%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.3%</b>			<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>		

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>4.6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>1.2%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Humans Sciences Research Council	4.6	–	–	–	-100.0%	1.2%	–	–	–	–	–

## Personnel information

**Table 16.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
Salary level		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Primary Health Care Services	103	1	101	40.4	0.4	107	48.8	0.5	106	50.6	0.5	106	53.3	0.5	106	56.2	0.5	-0.3%	100.0%
1 – 6	34	–	24	4.2	0.2	25	4.5	0.2	23	4.6	0.2	23	4.9	0.2	23	5.1	0.2	-2.7%	22.1%
7 – 10	27	–	42	14.0	0.3	41	15.0	0.4	43	17.0	0.4	43	17.9	0.4	43	18.9	0.4	1.6%	40.0%
11 – 12	25	–	20	10.9	0.5	23	14.1	0.6	24	15.3	0.6	24	16.2	0.7	24	17.0	0.7	1.4%	22.4%
13 – 16	17	1	15	11.4	0.8	18	15.2	0.8	16	13.6	0.8	16	14.4	0.9	16	15.1	0.9	-3.9%	15.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on promoting health, preventing non-communicable diseases such as hypertension and diabetes, and combating malaria and vector borne diseases in South Africa and the SADC. As such, *Non-Communicable Diseases* and *Communicable Diseases* subprogrammes are expected to be the largest spending items in the programme over the MTEF period. Pursuing these objectives requires significant spending on compensation of employees, consultants, and travel and subsistence, which is why a large proportion of the programme's budget is allocated to these items over the medium term.

The significant increase in spending in the *District Services and Environmental Health* subprogramme in 2011/12 was due to the once-off payment of R24.8 million for the health facilities audit carried out, which increased expenditure on consultants and professional services. The audit was carried out to establish baselines for future inspections by the Office of Standards Compliance and to enable comparison between facilities.

In 2012/13, spending in the *Communicable Diseases* subprogramme was higher due to the rollover of funds to purchase avian flu influenza vaccines, which were needed in the provincial departments due to the severity of the epidemic. The increase in spending in the *Violence, Trauma and EMS* subprogramme in 2013/14 was mainly due to a once-off allocation for emergency services to cover for the 2014 African Nations Championship.

## Programme 5: Hospital, Tertiary Health Services and Human Resource Development

### Objectives

- Improve management and accountability for hospital services at the local level through the amendment of delegations and the introduction of hospital board regulations over the medium term.
- Accelerate the delivery of health infrastructure by:
  - applying health infrastructure norms and standards for all levels of health services at all stages of the development cycle over the medium term
  - conducting cost modelling for all components and levels of health facilities, including capital and maintenance over the medium term
  - maintaining a project management information system for projects and programme monitoring and oversight over the medium term.
- Achieve a well managed and productive workforce through the implementation of the national human resources for health strategy over the medium term.
- Implement human resources for health norms and standards using the workload indicators for staffing needs approach to improve human resources management and planning over the medium term.

- Develop and implement a national nursing education policy to promote a uniform approach to nursing education and training over the medium term.

## Subprogrammes

- *Programme Management* supports the development of policies, delivery models and clinical protocols for hospitals and emergency medical services. It also supports the alignment of academic medical centres with health workforce programmes. This subprogramme has 3 filled posts.
- *Health Facilities Infrastructure Management* coordinates and funds health infrastructure to enable provinces to plan, manage, modernise, rationalise and transform infrastructure, health technology, hospital management and improve the quality of care. It is also responsible for two conditional grants for health infrastructure: the provincial health facility revitalisation grant and, since 2013/14, the infrastructure component of the national health grant. In 2012/13, guidance was provided on infrastructure planning and design through the infrastructure unit systems support and 32 sets of national infrastructure norms, standards, guidelines and benchmarks for all levels of health care facilities were developed. In addition, the project monitoring information system was configured, tested and piloted. In 2013/14, 3 health infrastructure related conditional grants (hospital revitalisation, health infrastructure, and nursing colleges) were merged into 2 grants of which 1 was transferred to provinces and 1 implemented by the national department. This subprogramme has 15 filled posts.
- *Tertiary Health Care Planning and Policy* focuses on the provision of tertiary specialised hospital services in a modernised and reconfigured manner; identifies tertiary and regional hospitals that should serve as centres of excellence for disseminating quality improvements; and is responsible for the management of the national tertiary services grant. The purpose of the grant is to provide strategic funding to enable provinces to plan, modernise, rationalise and transform the tertiary hospital services platform. In 2012/13, tertiary services (especially the central hospitals) and training grants were coordinated and monitored; and the Health Leadership and Management Academy was assisted in developing training programmes for hospital managers. In addition, a literature review was done on granting autonomy to central hospitals. A new costing and funding model and regulatory framework for central hospitals is being developed in 2013/14. This subprogramme has 6 filled posts.
- *Hospital Management* deals with national policy on hospital services by focusing on developing an effective referral system to ensure clear delineation of responsibilities by level of care, providing clear guidelines for referral and improved communication, developing specific and detailed hospital plans, and facilitating quality improvement plans for hospitals. Priority areas for hospital improvements include: cleanliness; infection prevention and control; patient safety; drug management and availability of medicines; waiting times; and staff attitudes. In 2012/13, the classification of hospitals in terms of levels of care was gazetted and implemented. In addition, 104 hospital chief executives were appointed within the new framework and they attended an induction workshop. This subprogramme has 6 filled posts.
- *Human Resources for Health* is responsible for medium to long term human resources planning in the national health system. This entails implementing the national human resources for health plan, facilitating capacity development for sustainable health workforce planning, and developing and implementing human resources information systems for planning and monitoring purposes. The bulk of this subprogramme's budget is transferred to provinces through the health professions training and development conditional grant, partly based on the historical distribution of medical student numbers. In 2012/13, workload indicators for staffing needs were drafted with technical support from the World Health Organisation. Implementation of human resources for health norms and standards began in all 9 provincial departments, with a focus on the national health insurance pilot districts. Approximately 97 facilities were sampled and assessed using the workload indicators tool in collaboration with World Health Organisation experts. Provinces were trained on the workload indicators model and methodology, and this was followed by the development of implementation plans. In addition, the Minister of Health launched the Health Leadership and Management Academy and a public health education fund was created in partnership with the private sector. The Cuban medical training programme was also expanded. By the end of December 2012, 920 South African students had travelled to Cuba for medical training. This subprogramme has 39 filled posts.

- *Nursing Services* is a new subprogramme responsible for developing and overseeing the implementation of a policy framework to oversee the development of required nursing skills and capacity, developing nursing norms and standards, and facilitating the development of the nursing training curriculum to ensure that nurses are appropriately skilled and utilised appropriately and effectively. Over the medium term, the focus will be on the rollout and implementation of this strategy. This subprogramme has 2 filled posts.
- *Forensic Chemistry Laboratories* is discussed in more detail below.

## Expenditure estimates

**Table 16.15 Hospitals, Tertiary Health Services and Human Resource Development**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11	2013/14					
Programme Management	–	1.7	0.8	2.6	–	–	3.6	3.7	4.0	15.6%	–
Health Facilities Infrastructure Management	5 191.5	5 985.9	6 314.8	5 790.4	3.7%	34.8%	6 275.3	6 467.6	6 828.2	5.6%	32.9%
Tertiary Health Care Planning and Policy	7 400.7	8 051.8	8 882.3	9 623.9	9.2%	50.8%	10 171.4	10 639.3	11 203.2	5.2%	54.0%
Hospital Management	3.0	9.4	21.4	5.5	22.7%	0.1%	5.4	4.7	6.0	2.6%	–
Human Resources for Health	1 880.5	2 001.0	2 111.8	2 217.3	5.6%	12.3%	2 344.7	2 452.6	2 582.6	5.2%	12.4%
Nursing Services	–	–	0.5	3.8	–	–	2.5	2.7	2.8	-9.3%	–
Forensic Chemistry Laboratories	589.9	650.3	64.2	78.9	-48.9%	2.1%	122.9	122.8	134.3	19.4%	0.6%
<b>Total</b>	<b>15 065.7</b>	<b>16 700.1</b>	<b>17 395.9</b>	<b>17 722.4</b>	<b>5.6%</b>	<b>100.0%</b>	<b>18 925.8</b>	<b>19 693.3</b>	<b>20 761.0</b>	<b>5.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(188.8)			(150.6)	(213.2)	25.5		
<b>Economic classification</b>											
<b>Current payments</b>	<b>70.4</b>	<b>132.3</b>	<b>203.4</b>	<b>165.6</b>	<b>33.0%</b>	<b>0.9%</b>	<b>185.9</b>	<b>193.2</b>	<b>210.6</b>	<b>8.3%</b>	<b>1.0%</b>
Compensation of employees	40.1	53.9	64.0	77.4	24.5%	0.4%	104.7	110.4	116.4	14.5%	0.5%
Goods and services	30.3	78.4	139.5	88.2	42.7%	0.5%	81.2	82.8	94.2	2.2%	0.4%
<i>of which:</i>											
<i>Consultants and professional services: Business and advisory services</i>	14.5	52.9	112.9	51.7	52.6%	0.3%	46.9	48.3	49.4	-1.5%	0.3%
<i>Contractors</i>	1.6	2.1	2.0	4.1	38.0%	–	4.5	1.1	4.6	3.2%	–
<i>Inventories: Medical supplies</i>	0.0	0.0	0.0	0.1	81.7%	–	0.1	0.1	–	-100.0%	–
<b>Transfers and subsidies</b>	<b>14 990.2</b>	<b>16 549.0</b>	<b>17 181.2</b>	<b>17 105.5</b>	<b>4.5%</b>	<b>98.4%</b>	<b>17 730.0</b>	<b>18 453.4</b>	<b>19 409.3</b>	<b>4.3%</b>	<b>94.3%</b>
Provinces and municipalities	14 990.2	16 541.8	17 158.8	17 101.5	4.5%	98.4%	17 730.0	18 453.4	19 409.3	4.3%	94.3%
Higher education institutions	–	7.2	21.0	4.0	–	–	–	–	–	-100.0%	–
Non-profit institutions	–	–	1.3	–	–	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>4.9</b>	<b>18.7</b>	<b>11.2</b>	<b>451.3</b>	<b>350.2%</b>	<b>0.7%</b>	<b>1 009.8</b>	<b>1 046.8</b>	<b>1 141.2</b>	<b>36.2%</b>	<b>4.7%</b>
Buildings and other fixed structures	–	–	–	440.0	–	0.7%	979.9	1 021.2	1 115.2	36.3%	4.6%
Machinery and equipment	4.9	18.7	11.2	11.2	32.0%	0.1%	30.0	25.6	25.9	32.1%	0.1%
Software and other intangible assets	0.1	–	–	–	-100.0%	–	–	–	–	–	–
<b>Payments for financial assets</b>	<b>0.2</b>	<b>–</b>	<b>0.0</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>15 065.7</b>	<b>16 700.1</b>	<b>17 395.9</b>	<b>17 722.4</b>	<b>5.6%</b>	<b>100.0%</b>	<b>18 925.8</b>	<b>19 693.3</b>	<b>20 761.0</b>	<b>5.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>66.9%</b>	<b>64.9%</b>	<b>62.4%</b>	<b>58.1%</b>			<b>55.7%</b>	<b>53.8%</b>	<b>52.7%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Non-profit institutions</b>											
<b>Current</b>	–	–	1.3	–	–	–	–	–	–	–	–
Health Facilities & Infrastructure Management: Non-profit institutions	–	–	1.3	–	–	–	–	–	–	–	–
<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Current</b>	<b>9 820.3</b>	<b>10 616.6</b>	<b>12 869.2</b>	<b>11 810.7</b>	<b>6.3%</b>	<b>67.5%</b>	<b>12 490.0</b>	<b>13 064.6</b>	<b>13 757.0</b>	<b>5.2%</b>	<b>66.3%</b>
Health professions training and development grant	1 865.4	1 977.3	2 075.2	2 190.4	5.5%	12.1%	2 321.8	2 428.6	2 557.3	5.3%	12.3%
National tertiary services grant	7 398.0	8 048.9	8 878.0	9 620.4	9.2%	50.8%	10 168.2	10 636.0	11 199.7	5.2%	54.0%
Health Infrastructure grant	–	–	1 801.0	–	–	2.7%	–	–	–	–	–
Nursing Colleges grant	–	–	100.0	–	–	0.1%	–	–	–	–	–
Forensic pathology services grant	557.0	590.4	–	–	-100.0%	1.7%	–	–	–	–	–
2013 African Cup of Nations medical services grant	–	–	15.0	–	–	–	–	–	–	–	–

**Table 16.15 Hospitals, Tertiary Health Services and Human Resource Development**

Details of selected transfers and subsidies	Audited outcome			Adjusted Appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
R million											
<b>Capital</b>	<b>5 169.9</b>	<b>5 925.3</b>	<b>4 289.6</b>	<b>5 290.8</b>	<b>0.8%</b>	<b>30.9%</b>	<b>5 240.0</b>	<b>5 388.8</b>	<b>5 652.3</b>	<b>2.2%</b>	<b>28.0%</b>
Health facility revitalisation grant	5 169.9	5 925.3	4 289.6	5 290.8	0.8%	30.9%	5 240.0	5 388.8	5 652.3	2.2%	28.0%
<b>Higher education institutions</b>											
<b>Current</b>	<b>-</b>	<b>7.2</b>	<b>21.0</b>	<b>4.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
University of Limpopo	-	-	4.0	-	-	-	-	-	-	-	-
University of Cape Town	-	-	4.0	-	-	-	-	-	-	-	-
University of the Witwatersrand	-	7.2	9.0	-	-	-	-	-	-	-	-
University of Stellenbosch	-	-	4.0	-	-	-	-	-	-	-	-
Walter Sisulu University	-	-	-	4.0	-	-	-	-	-	-100.0%	-

## Personnel information

**Table 16.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	Unit Cost	2013/14	Unit Cost	2014/15	Unit Cost	2015/16	Unit Cost	2016/17	Unit Cost							
Hospitals, Tertiary Health Services and Human Resource Development	212	-	195	64.0	0.3	208	77.4	0.4	291	104.7	0.4	291	110.4	0.4	291	116.4	0.4	11.8%	100.0%
Salary level	212	-	195	64.0	0.3	208	77.4	0.4	291	104.7	0.4	291	110.4	0.4	291	116.4	0.4	11.8%	100.0%
1 - 6	50	-	54	9.1	0.2	50	9.6	0.2	71	13.0	0.2	71	13.7	0.2	71	14.5	0.2	12.4%	24.3%
7 - 10	128	-	111	33.2	0.3	125	40.6	0.3	180	61.0	0.3	180	64.3	0.4	180	67.8	0.4	12.9%	61.5%
11 - 12	18	-	15	8.5	0.6	18	11.1	0.6	21	13.2	0.6	21	13.9	0.7	21	14.4	0.7	5.3%	7.5%
13 - 16	16	-	15	13.1	0.9	15	16.2	1.1	19	17.5	0.9	19	18.4	1.0	19	19.7	1.0	8.2%	6.7%

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

<sup>2</sup> Rand million.

## Expenditure trends

This is the largest programme of the department due to the three large provincial grants and the one national conditional grant that fall under it. The spending focus over the MTEF period will continue to be on planning for health infrastructure and strengthening tertiary services. As the bulk of this work is done at the provincial level, 91.8 per cent of the programme's allocation over the MTEF period is transferred to provinces.

The health facility revitalisation grant, managed by the *Health Facilities Infrastructure Management* subprogramme, has been allocated R16.3 billion over the MTEF period.

The health facilities revitalisation component of the national health grant, which was established in 2013/14, is an indirect grant to which R3.1 billion has been allocated over the MTEF period. The department plans to use these funds to deliver infrastructure on behalf of provinces. In its first year, the grant was used to build doctors' consulting rooms at national health insurance pilot sites, upgrade nursing colleges, rehabilitate clinics in pilot districts, and purchase equipment. Due to slower than anticipated spending, Cabinet has approved reductions on the national health grant of R704.3 million over the medium term.

Expenditure in the *Tertiary Health Care and Planning* subprogramme mainly consists of the national tertiary services grant, through which tertiary hospitals receive subsidies to provide specialised services. A new model that will price tertiary services more accurately and provide a basis for the interprovincial funding determination is being developed. The slight decrease in spending in the *Hospital Management* subprogramme was partly due to the violence and trauma components being shifted to the *Primary Health Care Services* programme.

Spending on compensation of employees grew at an average rate of 24.5 per cent between 2010/11 and 2013/14. The number of employees is projected to increase from 208 in 2013/14 to 291 in 2014/15, where it is set to remain in the outer years of the MTEF period. This increase is due to the recruitment of forensic analysts and other forensic staff, particularly for the new laboratory in Durban. There were 5 vacant posts at the end of November 2013 due to natural attrition.

## Subprogramme: Forensic Chemistry Laboratories

This subprogramme is responsible for the analysis of blood alcohol for drunken driving analysis (ante- and post-mortem), toxicology analyses of biological fluids and human organs in the event of unnatural deaths (murder and suicide), as well as analyses of foodstuffs. Results obtained are used in court cases. In drunken driving cases, a turnaround time of 90 days has been set by the criminal justice review committee. Perishable foodstuffs need to be analysed within 30 days and non-perishable foodstuffs within 60 days to ensure the legal procedure can be completed successfully. The 2013/14 targets for completed samples are as follows: 110 000 for blood alcohol, 3 400 for toxicology and 3 500 for food analysis. At the end of the third quarter, 57 745 blood alcohol, 2 055 toxicology and 12 845 food analyses were completed. This subprogramme has 137 filled posts.

### Expenditure estimates

**Table 16.17 Forensic Chemistry Laboratories**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14					2013/14 - 2016/17	
<b>Current payments</b>	<b>28.4</b>	<b>41.3</b>	<b>53.3</b>	<b>68.5</b>	<b>34.2%</b>	<b>13.8%</b>	<b>93.8</b>	<b>98.1</b>	<b>109.4</b>	<b>16.9%</b>	<b>80.6%</b>
Compensation of employees	18.3	27.0	37.3	43.6	33.6%	9.1%	68.4	72.1	76.0	20.3%	56.7%
Goods and services	10.1	14.3	16.0	24.9	35.3%	4.7%	25.4	26.0	33.4	10.2%	23.9%
<b>Transfers and subsidies</b>	<b>557.0</b>	<b>590.4</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>82.9%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	557.0	590.4	-	-	-100.0%	82.9%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>4.6</b>	<b>18.6</b>	<b>10.9</b>	<b>10.4</b>	<b>31.1%</b>	<b>3.2%</b>	<b>29.1</b>	<b>24.7</b>	<b>24.9</b>	<b>34.1%</b>	<b>19.4%</b>
Machinery and equipment	4.5	18.6	10.9	10.4	31.7%	3.2%	29.1	24.7	24.9	34.1%	19.4%
Software and other intangible assets	0.1	-	-	-	-100.0%	-	-	-	-	-	-
<b>Total</b>	<b>589.9</b>	<b>650.3</b>	<b>64.2</b>	<b>78.9</b>	<b>-48.9%</b>	<b>100.0%</b>	<b>122.9</b>	<b>122.8</b>	<b>134.3</b>	<b>19.4%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>3.9%</b>	<b>3.9%</b>	<b>0.4%</b>	<b>0.4%</b>			<b>0.6%</b>	<b>0.6%</b>	<b>0.6%</b>		

### Personnel information

**Table 16.18 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
<b>Forensic Chemistry Laboratories</b>																			
<b>Salary level</b>	<b>136</b>	<b>78</b>	<b>125</b>	<b>37.3</b>	<b>0.3</b>	<b>137</b>	<b>43.6</b>	<b>0.3</b>	<b>207</b>	<b>68.4</b>	<b>0.3</b>	<b>207</b>	<b>72.1</b>	<b>0.4</b>	<b>207</b>	<b>76.0</b>	<b>0.4</b>	<b>14.7%</b>	<b>100.0%</b>
1 – 6	45	-	38	6.4	0.2	40	7.4	0.2	52	9.7	0.2	52	10.2	0.2	52	10.8	0.2	9.1%	25.9%
7 – 10	85	78	82	27.3	0.3	92	32.9	0.4	150	55.2	0.4	150	58.2	0.4	150	61.3	0.4	17.7%	71.5%
11 – 12	5	-	4	2.8	0.7	4	2.6	0.7	4	2.7	0.7	4	2.9	0.7	4	3.0	0.8	-	2.1%
13 – 16	1	-	1	0.9	0.9	1	0.8	0.8	1	0.8	0.8	1	0.9	0.9	1	0.9	0.9	-	0.5%

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

2. Rand million.

### Expenditure trends

In 2012/13, the forensic pathology services grant was shifted to provinces and phased into the provincial equitable share, significantly decreasing the expenditure of the subprogramme. Capital spending has been increasing to reduce the backlogs in forensic chemistry tests in order to assist in the criminal justice system processes. In 2013/14, a fourth forensic chemistry laboratory was set up in Durban. As the Durban facility comes on board in 2014/15, expenditure on goods and services is projected to increase. In 2014, the forensic chemistry laboratory in Pretoria will also be moved to a bigger building, which will require equipment to be moved and re-commissioned. This explains the increase expected in expenditure on goods and services projected over the medium term.

Establishing the Durban forensic chemistry laboratory requires the procurement of additional equipment for blood alcohol analyses. In addition, redundant equipment needs to be replaced in the three currently operational forensic chemistry laboratories in Cape Town, Johannesburg and Pretoria within the next

three years. Thus R70 million is added to the capital budget over the medium term to provide for this equipment and explains the significant increase in expenditure on payments for capital assets over the medium term.

The staff establishment is set to increase significantly, from 137 in 2013/14 to 207 in 2014/15. The increase is mainly due to the recruitment of forensic analysts to address backlogs in forensic chemistry laboratory tests. As a result, expenditure on compensation of employees is projected to grow at an average rate of 20.3 per cent over the medium term. 5 posts were vacant as at 30 November 2013 due to natural attrition.

## **Programme 6: Health Regulation and Compliance Management**

### **Objectives**

- Improve oversight over health entities and statutory health professional councils by ensuring that governance and management framework reports are produced biannually, and by monitoring their performance and producing performance feedback reports on an ongoing basis.
- Improve quality of care by monitoring the compliance rate of all public health establishments against the national core standards on an ongoing basis.

### **Subprogrammes**

- *Programme Management* provides leadership for this programme by supporting the development of regulation for procurement of medicines and pharmaceutical supplies, food control and the trade in health products and health technology. It provides oversight to regulatory bodies and public entities for effective governance and quality of health care. This subprogramme has 5 filled posts.
- *Food Control* regulates foodstuffs and non-medical health products to ensure food safety. This entails developing and implementing food control policies, regulations, and norms and standards. Over the medium term, focus will be placed on continually developing, finalising and publishing regulations in line with the relevant provisions of the Foodstuffs, Cosmetics and Disinfectants Act (1972). In 2012/13, the nutrient profiling model was finalised and published to ensure that health and nutrient claims could be evaluated, and to identify foodstuffs with an unhealthy nutrient profile. A working document on labelling regulations was developed, with 7 sets of regulations drafted and published either for comment or finalised. There was also participation in 10 activities related to the Codex Alimentarius Commission. This subprogramme has 13 filled posts.
- *Pharmaceutical Trade and Product Regulation* regulates the sale of medicines, through an assessment of their efficacy, safety and quality. The South African Health Products Regulatory Authority should be fully established over the medium term. In 2012/13, the number of applications for medicine registrations finalised increased by 46 per cent compared to 2011/12. Finalised applications include both registrations and rejections (423 registrations and 160 rejections in 2011/12 and 734 registrations and 117 rejections in 2012/13). The registration of antiretroviral medicines was fast tracked, resulting in a number of fixed dose combination antiretrovirals being made available to patients in the public sector in 2013/14. A 40 per cent reduction of the backlog in the finalising of applications for generic medicines was achieved and the backlog in the finalisation of applications for new chemical entities was significantly reduced. 115 new chemical entities were finalised in 2012/13 against 33 registered in 2011/12. Of the 115 registered, 54 were from the backlog. This subprogramme has 131 filled posts.
- *Public Entities Management* provides policy frameworks for health public entities and statutory health professions councils with regard to planning, budgeting procedures, ownership, governance, remuneration, accountability, and financial reporting and oversight. The bulk of its budget is transferred to the South African Medical Research Council, the National Health Laboratory Service and the Council for Medical Schemes. In 2012/13, the compliance and implementation of laws and regulations applicable to these entities and councils was monitored and the Interim Traditional Health Practitioners Council of South Africa was established to regulate traditional health practitioners. A governance report focusing on the corporate governance status of the entities was produced in 2013/14. The report also focused on compliance with the Public Finance Management Act (1999) and highlighted areas of non-compliance. Several regulations were promulgated into law under the various pieces of legislation establishing the

statutory health professional councils and a functionality report on the forum of statutory health professional councils was produced. This subprogramme has 4 filled posts.

- *Office of Standards Compliance* deals with quality assurance, development and inspections for compliance with national standards, patient complaints; and radiation control. This entails logging and tracking complaints; developing and disseminating standards and audit tools; inspecting health establishments and radiation installations for compliance, and issuing importation licences for ionising radiation irradiating apparatus and for radioactive equipment and sources. In 2012/13, the National Health Amendment Health Act (2013) was signed into law. The board of the Office of Standards Compliance was inaugurated in January 2014 and on the 1 April 2014 the office will start to function as an independent public entity. The subprogramme comprises compliance inspections, quality assurance and radiation control. The purpose of the quality assurance and improvement section is to ensure that the public health system implements the actions needed to improve the quality of care and patients' experience of care, including better responses to complaints. Successes in complaints management based on proactive follow-up systems have seen the response rate of within 25 working days climb from 40 per cent to 57 per cent and further to 75 per cent (for first 3 quarters of 2013/14) over the past 3 years. This subprogramme has 84 filled posts.
- *Compensation Commissioner for Occupational Diseases and Occupational Health* is responsible for the payment of compensation to active and former workers in controlled mines and works who have been certified to be suffering from cardio-pulmonary-related diseases as a result of workplace exposure in the controlled mines or works. Over the medium term, the focus will be on reengineering business processes to ensure sustainability; reducing the turnaround period in settling claims, amending the Occupational Diseases in Mines and Works Act (1973); and improving governance, internal controls and relationships with key stakeholders. The subprogramme also oversees and manages the Compensation Commissioner for Occupational Diseases trading entity. In 2012/13, 12 242 mineworkers underwent medical examinations to assess whether they were eligible for compensation. In 2013/14, processes in the commissioner were closely linked with those of the Medical Bureau of Occupational Diseases to provide a more efficient transition from certification to compensation. This subprogramme has 104 filled posts.

## Expenditure estimates

**Table 16.19 Health Regulation and Compliance Management**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Programme Management	–	2.4	2.7	3.4	–	0.4%	4.1	4.3	4.6	9.9%	0.4%
Food Control	5.9	5.9	9.9	8.3	12.0%	1.3%	7.5	7.9	8.4	0.4%	0.8%
Pharmaceutical Trade and Product Regulation	67.5	71.3	77.7	98.4	13.4%	13.3%	96.2	100.9	106.3	2.6%	10.5%
Public Entities Management	418.0	378.1	384.7	540.5	8.9%	72.6%	592.5	767.3	808.0	14.3%	70.9%
Office of Standards Compliance	18.7	26.2	37.0	58.1	45.9%	5.9%	109.0	125.8	134.8	32.3%	11.2%
Compensation Commissioner for Occupational Diseases and Occupational Health	30.6	33.9	36.2	54.9	21.6%	6.6%	55.9	58.6	61.6	3.9%	6.1%
<b>Total</b>	<b>540.7</b>	<b>517.8</b>	<b>548.2</b>	<b>763.7</b>	<b>12.2%</b>	<b>100.0%</b>	<b>865.3</b>	<b>1 064.8</b>	<b>1 123.7</b>	<b>13.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				9.5			33.9	47.6	42.6		
<b>Economic classification</b>											
<b>Current payments</b>	<b>117.7</b>	<b>136.6</b>	<b>162.6</b>	<b>221.3</b>	<b>23.4%</b>	<b>26.9%</b>	<b>271.2</b>	<b>295.9</b>	<b>314.0</b>	<b>12.4%</b>	<b>28.9%</b>
Compensation of employees	71.1	92.3	106.3	110.9	16.0%	16.1%	148.7	165.0	176.5	16.8%	15.7%
Goods and services	46.7	44.3	56.3	110.5	33.3%	10.9%	122.4	130.9	137.4	7.6%	13.1%
of which:											
Consultants and professional services:	20.9	16.2	21.5	36.5	20.4%	4.0%	43.6	39.7	45.0	7.3%	4.3%
Business and advisory services											
Contractors	0.5	0.4	0.7	1.4	40.2%	0.1%	1.5	1.5	1.8	9.2%	0.2%
Inventory: Medical supplies	0.5	0.0	0.0	0.7	11.9%	0.1%	0.8	0.8	0.5	-10.1%	0.1%
Inventory: Medicine	–	–	0.0	0.1	–	–	0.1	0.1	0.0	-14.9%	–

**Table 16.19 Health Regulation and Compliance Management**

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Transfers and subsidies</b>	<b>420.7</b>	<b>379.9</b>	<b>384.5</b>	<b>538.6</b>	<b>8.6%</b>	<b>72.7%</b>	<b>590.4</b>	<b>765.1</b>	<b>805.7</b>	<b>14.4%</b>	<b>70.7%</b>	
Departmental agencies and accounts	415.7	373.6	375.7	528.4	8.3%	71.4%	579.6	753.7	793.7	14.5%	69.6%	
Non-profit institutions	4.9	6.1	8.3	10.3	27.7%	1.2%	10.9	11.4	12.0	5.3%	1.2%	
Households	0.1	0.3	0.6	-	-100.0%	-	-	-	-	-	-	
<b>Payments for capital assets</b>	<b>2.1</b>	<b>1.3</b>	<b>1.1</b>	<b>3.7</b>	<b>20.2%</b>	<b>0.3%</b>	<b>3.7</b>	<b>3.9</b>	<b>4.1</b>	<b>3.3%</b>	<b>0.4%</b>	
Machinery and equipment	2.1	1.3	1.1	3.7	20.2%	0.3%	3.7	3.9	4.1	3.3%	0.4%	
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>540.7</b>	<b>517.8</b>	<b>548.2</b>	<b>763.7</b>	<b>12.2%</b>	<b>100.0%</b>	<b>865.3</b>	<b>1 064.8</b>	<b>1 123.7</b>	<b>13.7%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>2.4%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.5%</b>			<b>2.5%</b>	<b>2.9%</b>	<b>2.9%</b>			

**Details of selected transfers and subsidies**

<b>Non-profit institutions</b>											
<b>Current</b>	<b>4.9</b>	<b>6.1</b>	<b>8.3</b>	<b>10.3</b>	<b>27.7%</b>	<b>1.2%</b>	<b>10.9</b>	<b>11.4</b>	<b>12.0</b>	<b>5.3%</b>	<b>1.2%</b>
Health Systems Trust	4.9	6.1	8.3	10.3	27.7%	1.2%	10.9	11.4	12.0	5.3%	1.2%
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>0.1</b>	<b>0.3</b>	<b>0.6</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Employee social benefits	0.1	0.3	0.6	-	-100.0%	-	-	-	-	-	-
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>413.1</b>	<b>370.8</b>	<b>372.8</b>	<b>525.3</b>	<b>8.3%</b>	<b>71.0%</b>	<b>576.4</b>	<b>750.4</b>	<b>790.1</b>	<b>14.6%</b>	<b>69.2%</b>
South African Medical Research Council	292.8	283.6	283.9	416.5	12.5%	53.9%	446.3	615.8	648.4	15.9%	55.7%
National Health Laboratory Services	120.3	83.0	84.6	104.3	-4.6%	16.6%	125.3	129.6	136.5	9.4%	13.0%
Council for Medical Schemes	-	4.2	4.3	4.5	-	0.5%	4.8	5.0	5.2	5.0%	0.5%
<b>Departmental agencies and accounts</b>											
<b>Social security funds</b>											
<b>Current</b>	<b>2.6</b>	<b>2.8</b>	<b>2.9</b>	<b>3.1</b>	<b>5.3%</b>	<b>0.5%</b>	<b>3.2</b>	<b>3.4</b>	<b>3.5</b>	<b>5.0%</b>	<b>0.3%</b>
Compensation Fund	2.6	2.8	2.9	3.1	5.3%	0.5%	3.2	3.4	3.5	5.0%	0.3%

**Personnel information****Table 16.20 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Health Regulation and Compliance Management	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary level	357	16	323	106.3	0.3	357	110.9	0.3	363	148.7	0.4	363	165.0	0.5	363	176.5	0.5	0.6%	100.0%
1 - 6	153	9	142	25.7	0.2	153	23.4	0.2	150	26.9	0.2	150	28.3	0.2	150	28.9	0.2	-0.7%	41.7%
7 - 10	112	5	118	37.4	0.3	112	21.4	0.2	131	53.0	0.4	131	56.5	0.4	131	59.6	0.5	5.4%	34.9%
11 - 12	80	2	52	28.0	0.5	80	38.0	0.5	61	29.9	0.5	61	37.8	0.6	61	39.9	0.7	-8.6%	18.2%
13 - 16	12	-	11	13.0	1.2	12	28.0	2.3	21	16.9	0.8	21	20.3	1.0	21	21.4	1.0	20.5%	5.2%
Other	-	-	-	2.1	-	-	-	-	-	22.0	-	-	22.0	-	-	26.8	-	-	-

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

2. Rand million.

**Expenditure trends**

Most of the programme's budget is transferred to public entities, the largest of which are the Medical Research Council and National Health Laboratory Service. A key focus over the medium term will be on improving the quality of health services and health products through the establishment of the Office of Health Standards Compliance as a public entity.

Spending in the *Pharmaceutical Trade and Product Regulation* programme has increased significantly since 2010/11 to reduce the large backlogs in medicine registration and to prepare for the establishment of the South African Health Products Regulatory Authority. This is an independent public entity that will ultimately replace

the Medicines Control Council. This increase in expenditure provided for a 40 per cent reduction in the backlogs on applications for generic medicines.

Over the medium term, spending in the *Public Entities Management* subprogramme is projected to grow significantly to strengthen the capacity and outputs of the Medical Research Council. Expenditure in this subprogramme increased in 2013/14, partially due to the reallocation of the payment of members of the Interim Traditional Healers Council to this subprogramme from the *National Health Insurance, Health Planning and Systems Enablement* programme.

The programme's overall staff complement is set to increase slightly, from 357 in 2013/14 to 363 in 2014/15 and then remain stable over the medium term. Spending on compensation of employees is set to increase at an average rate of 17.6 per cent over the medium term as a result. There were 11 vacant posts at the end of November 2013 due to natural attrition.

## Public entities and other agencies

### National Health Laboratory Service

#### Mandate and strategic goals

The National Health Laboratory Service was established in 2001 in terms of the National Health Laboratory Service Act (2000). In terms of the act, the service is required to: provide cost effective and efficient health laboratory services to all public sector health care providers, other government institutions and any private health care provider in need of its service; support health research; and provide training for health science education. It is the largest diagnostic pathology service in South Africa, servicing over 80 per cent of the population through a national network of 268 laboratories.

The key strategic goals over the medium term are to:

- develop a new service delivery model that is more affordable for the public sector
- determine a best fit service delivery model
- deliver high quality, customer focused service
- align resources, support services and infrastructural development for service delivery
- become the laboratory services employer of choice
- prioritise innovation and research so that it is relevant, appropriate and leading edge
- become a leading resource for information on health
- drive stakeholder collaboration
- position the service as the provider of choice for national health insurance
- protect the community and environment.

#### Selected performance indicators

**Table 16.21 National Health Laboratory Service**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage of CD4 tests completed within 72 hours in lab	Laboratory tests	Outcome 2: A long and healthy life for all South Africans	86%	85%	85%	89%	90%	90%	90%
Number of CD4 tests conducted per year	Laboratory tests		3 541 341	3 825 122	3 858 025	3 935 100	4 013 800	4 094 000	4 175 900
Percentage of viral load tests completed within 4 days in lab	Laboratory tests		52%	87%	85%	83%	90%	90%	90%

Table 16.21 National Health Laboratory Service

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of viral load tests completed per year	Laboratory tests	Outcome 2: A long and healthy life for all South Africans	1 238 928	1 495 398	2 059 765	2 170 000	2 821 000	3 103 100	3 413 410
Percentage of tuberculosis microscopy/GeneXpert tests completed within 48 hours in lab	Laboratory tests		95%	94%	90%	90%	90%	90%	90%
Number of tuberculosis microscopy/ GeneXpert tests per year	Laboratory tests		4 741 273	5 421 376	4 856 175	4 900 000	4 900 000	4 900 000	4 900 000
Percentage of HIV polymerase chain reaction test within 5 days	Laboratory tests		67%	85%	85%	72%	90%	90%	90%
Number of HIV polymerase chain reaction tests conducted per year	Laboratory tests		262 582	299 508	323 797	330 270	336 875	343 600	350 500
Percentage of cervical smear tests completed within 13 days in lab	Laboratory tests		-1	-1	-1	58%	75%	85%	85%
Number of cervical smear tests conducted per year	Laboratory tests		-1	-1	-1	725 300	725 500	762 000	800 000

1. New indicator, historical data not available.

## Programme/ activities/ objectives

Table 16.22 National Health Laboratory Service

	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
Administration	372.1	283.8	425.3	484.0	9.2%	9.4%	522.7	561.9	604.0	7.7%	10.4%	
Surveillance of communicable diseases	129.1	118.8	146.9	163.3	8.1%	3.4%	175.9	186.5	198.0	6.7%	3.5%	
Occupational health	53.0	54.9	60.3	79.7	14.5%	1.5%	86.3	92.6	99.2	7.6%	1.7%	
Laboratory tests	2 849.2	2 970.7	4 002.1	3 543.2	7.5%	80.0%	3 890.9	4 158.3	4 399.8	7.5%	76.9%	
Research	-	283.7	396.6	360.6	-	5.8%	381.6	394.0	409.0	4.3%	7.5%	
<b>Total expense</b>	<b>3 403.4</b>	<b>3 712.0</b>	<b>5 031.2</b>	<b>4 630.7</b>	<b>10.8%</b>	<b>100.0%</b>	<b>5 057.3</b>	<b>5 393.3</b>	<b>5 710.0</b>	<b>7.2%</b>	<b>100.0%</b>	

## Expenditure estimates

Table 16.23 National Health Laboratory Service

Statement of financial performance	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Revenue</b>												
<b>Non-tax revenue</b>	<b>3 502.5</b>	<b>4 060.6</b>	<b>4 683.5</b>	<b>4 764.8</b>	10.8%	94.8%	<b>4 970.4</b>	<b>5 227.4</b>	<b>5 495.1</b>	4.9%	95.8%	
Sale of goods and services other than capital assets	3 446.1	3 971.2	4 570.7	4 703.5	10.9%	93.0%	4 906.4	5 160.1	5 423.8	4.9%	94.6%	
of which:												
Sales by market establishment	3 446.1	3 971.2	4 570.7	4 703.5	10.9%	93.0%	4 906.4	5 160.1	5 423.8	4.9%	94.6%	
Other non-tax revenue	56.4	89.4	112.8	61.3	2.8%	1.8%	64.0	67.3	71.3	5.1%	1.2%	
<b>Transfers received</b>	<b>164.9</b>	<b>278.4</b>	<b>283.6</b>	<b>204.3</b>	7.4%	5.2%	<b>225.3</b>	<b>229.6</b>	<b>236.5</b>	5.0%	4.2%	
<b>Total revenue</b>	<b>3 667.5</b>	<b>4 339.0</b>	<b>4 967.1</b>	<b>4 969.1</b>	<b>10.7%</b>	<b>100.0%</b>	<b>5 195.6</b>	<b>5 457.0</b>	<b>5 731.6</b>	<b>4.9%</b>	<b>100.0%</b>	
<b>Expenses</b>												
<b>Current expenses</b>	<b>3 403.4</b>	<b>3 712.0</b>	<b>5 031.2</b>	<b>4 630.7</b>	10.8%	100.0%	<b>5 057.3</b>	<b>5 393.3</b>	<b>5 710.0</b>	7.2%	100.0%	
Compensation of employees	1 775.5	1 890.4	2 151.3	1 933.2	2.9%	46.9%	2 107.7	2 297.6	2 505.4	9.0%	42.5%	
Goods and services	1 558.7	1 765.2	2 803.2	2 628.3	19.0%	51.5%	2 898.5	3 039.5	3 142.5	6.1%	56.4%	
Depreciation	68.8	56.0	74.1	63.1	-2.8%	1.6%	44.7	49.2	54.3	-4.9%	1.0%	
Interest, dividends and rent on land	0.4	0.4	2.6	6.0	156.1%	0.1%	6.4	7.0	7.9	9.4%	0.1%	
<b>Total expenses</b>	<b>3 403.4</b>	<b>3 712.0</b>	<b>5 031.2</b>	<b>4 630.7</b>	<b>10.8%</b>	<b>100.0%</b>	<b>5 057.3</b>	<b>5 393.3</b>	<b>5 710.0</b>	<b>7.2%</b>	<b>100.0%</b>	
<b>Surplus/(Deficit)</b>	<b>264.0</b>	<b>627.0</b>	<b>(64.0)</b>	<b>338.0</b>	<b>8.6%</b>		<b>138.0</b>	<b>64.0</b>	<b>22.0</b>	<b>-59.8%</b>		

## Personnel information

**Table 16.24 National Health Laboratory Service**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual					Revised estimate			Medium-term expenditure estimate							Average growth rate (%)	Salary level/total: Average (%)	
		2012/13		2013/14			2014/15			2015/16			2016/17			2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost				Unit Cost
		7 134	2 151.3	0.3	7 134	1 933.2	0.3	7 134	2 107.7	0.3	7 134	2 297.6	0.3	7 134	2 505.4				0.4
Salary level	7 134	7 134	7 134	2 151.3	0.3	7 134	1 933.2	0.3	7 134	2 107.7	0.3	7 134	2 297.6	0.3	7 134	2 505.4	0.4	9.0%	100.0%
1 – 6	3 668	3 668	3 668	466.1	0.1	3 668	498.8	0.1	3 668	533.7	0.1	3 668	560.3	0.2	3 668	620.4	0.2	7.5%	51.4%
7 – 10	2 533	2 533	2 533	966.0	0.4	2 533	708.7	0.3	2 533	770.5	0.3	2 533	812.6	0.3	2 533	884.5	0.3	7.7%	35.5%
11 – 12	440	440	440	218.0	0.5	440	238.3	0.5	440	270.0	0.6	440	281.4	0.6	440	304.1	0.7	8.5%	6.2%
13 – 16	489	489	489	490.5	1.0	489	475.2	1.0	489	520.6	1.1	489	627.7	1.3	489	679.6	1.4	12.7%	6.9%
17 – 22	4	4	4	10.6	2.6	4	12.3	3.1	4	13.0	3.3	4	15.6	3.9	4	16.7	4.2	10.6%	0.1%

1. Rand million.

## Expenditure trends

The National Health Laboratory Service receives its income from providing laboratory tests to patients who are predominantly from public hospitals. Revenue from the provincial hospitals is approximately 98 per cent of total revenue received. Tariff increases for laboratory tests are approved by the Minister of Health and have consistently been below inflation. In 2013/14, the minister approved a 4 per cent increase, which was only effective from December 2013, resulting in lower revenue of R139 million for the first eight months of the year. Included in the medium term budget are transfers from the Department of Health of R125 million in 2014/15, R129 million in 2015/16 and R136 million in 2016/17 for the National Institute for Communicable Diseases and the National Institute for Occupational Health, which are divisions of this entity.

The service has budgeted for a 5 per cent inflationary increase in tariff prices over the medium term, despite a moderate 2 per cent increase in volume for CD4 tests and a 16.3 per cent increase in volume for viral load tests. Although there is no increase in tuberculosis diagnostic tests, tuberculosis microscopy is being progressively replaced by the more expensive but much more rapid GeneXpert test. Spending increases have been partly driven by increasing volumes of the more expensive tests, such as viral load and GeneXpert.

Spending over the medium term will focus on improving quality and turnaround times, and reducing the costs of laboratory tests for the customer. The budget for the current year has decreased by 8 per cent from 2012/13 due to the impairment of the KwaZulu-Natal provincial branch debt relating to short payment for services from 2010/11. The increase of 35.5 per cent in expenditure from 2011/12 to 2012/13 is mainly due to the R800 million in respect of the KwaZulu-Natal debt impairment. The entity's debt problem continued to escalate, with a total debt of R3.9 billion at the end of November 2013. The major contributor to this debt is the KwaZulu-Natal branch, which accounts for 66 per cent, or R2.6 billion, of total debt. This is having an effect on capital and other payments of the entity. A new financing model for the service is being researched.

Over the medium term, the staff complement is expected to remain at 7 134. After excluding the impairment, the entity's labour costs would have been 42.5 per cent of the total expenditure. This is a decrease from 52.2 per cent in 2011/12. The entity has achieved savings by decreasing labour headcount from 7 250 in 2011/12 to 7 134 in 2012/13 through not filling non-critical vacant posts. These savings will primarily be used to keep annual test price increases below inflation.

## South African Medical Research Council

### Mandate and strategic goals

The South African Medical Research Council was established in terms of the South African Medical Research Council Act (1969 and 1991). The Intellectual Property Rights from Publicly Financed Research and Development Act (2008) also informs the council's mandate. The council is required to promote the improvement of health and quality of life through research and development. Research and innovation are primarily conducted through council funded research units located within the council and in higher education

institutions. The council's strategic focus is determined in the context of the priorities of the Department of Health and government. The council's research therefore plays a key role in responding to government's key outcome 2 (a long and healthy life for all South Africans).

The council's strategic goals over the medium term are to:

- administer health research effectively and efficiently in South Africa
- lead the generation of new knowledge and facilitate its translation into policies and practices to improve health
- support innovation and technology development to improve health
- build capacity for the long term sustainability of the country's health research.

## Selected performance indicators

**Table 16.25 South African Medical Research Council**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Clean audit opinion on the financial statements from the Auditor General achieved each year	Administration	Outcome 2: A long and healthy life for all South Africans	Unqualified report	Unqualified report	Clean audit report				
Percentage of the government-allocated Medical Research Council budget spent on administration per year	Administration		36%	38%	38%	28%	30%	20%	20%
Number of articles with a Medical Research Council affiliated author that are published in International Science Index journals per year	Core research		519	514	443	490	400	450	500
Number of articles published in International Science Index journals with acknowledgement of Medical Research Council support per year <sup>1</sup>	Core research		–	–	–	–	100	115	130
Number of articles with an Medical Research Council affiliated author in the top 4 journals (New England Journal of Medicine, The Lancet, Science and Nature) per year <sup>1</sup>	Core research		–	–	–	–	10	12	14
Number of International Science Index journal articles where the first-author is affiliated to the Medical Research Council per year <sup>1</sup>	Core research		–	–	–	–	160	165	170
Number of new local/international policies and guidelines that reference Medical Research Council research per year <sup>1</sup>	Core research		–	–	–	–	4	4	4
Number of research grants awarded by the Medical Research Council per year	Core research		84	87	120	207	100	110	120
Number of new innovation and technology projects funded by the Medical Research Council to develop new diagnostics, devices, vaccines and therapeutics per year	Innovation and technology		5	32	9	37	30	30	30
Number of Medical Research Council bursaries/scholarships/fellowships provided for post-graduate study at masters, doctoral and post-doctoral levels per year	Capacity development		127	83	99	87	60	65	70

1. New indicators, hence no historical data is available.

## Programmes/activities/objectives

**Table 16.26 South African Medical Research Council**

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	127.3	144.0	156.5	180.0	12.2%	25.0%	188.8	199.2	209.9	5.3%	22.4%
Core research	417.3	423.4	406.0	472.5	4.2%	71.2%	523.1	659.0	714.6	14.8%	67.0%
Innovation and technology	3.9	5.0	7.8	48.0	130.7%	2.4%	78.2	81.7	92.9	24.6%	8.5%
Capacity development	4.5	8.2	6.7	15.0	48.7%	1.4%	18.6	20.5	21.5	12.9%	2.1%
<b>Total expense</b>	<b>553.1</b>	<b>580.5</b>	<b>577.0</b>	<b>715.5</b>	<b>9.0%</b>	<b>100.0%</b>	<b>808.7</b>	<b>960.4</b>	<b>1 038.8</b>	<b>13.2%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 16.27 South African Medical Research Council**

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>317.1</b>	<b>326.2</b>	<b>282.8</b>	<b>290.7</b>	-2.9%	52.1%	<b>308.1</b>	<b>329.7</b>	<b>374.6</b>	8.8%	37.7%
Sale of goods and services other than capital assets	290.4	303.5	257.6	266.0	-2.9%	47.9%	283.0	304.0	348.6	9.4%	34.7%
<i>of which:</i>											
<i>Sales by market establishment</i>	290.4	303.5	257.6	266.0	-2.9%	47.9%	283.0	304.0	348.6	9.4%	34.7%
Other non-tax revenue	26.7	22.7	25.2	24.7	-2.6%	4.3%	25.1	25.7	26.1	1.8%	3.0%
<b>Transfers received</b>	<b>237.3</b>	<b>237.9</b>	<b>249.0</b>	<b>430.1</b>	<b>21.9%</b>	<b>47.9%</b>	<b>460.6</b>	<b>630.8</b>	<b>664.2</b>	<b>15.6%</b>	<b>62.3%</b>
<b>Total revenue</b>	<b>554.4</b>	<b>564.1</b>	<b>531.8</b>	<b>720.8</b>	<b>9.1%</b>	<b>100.0%</b>	<b>768.7</b>	<b>960.4</b>	<b>1 038.8</b>	<b>13.0%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>553.1</b>	<b>580.5</b>	<b>577.0</b>	<b>715.5</b>	<b>9.0%</b>	<b>100.0%</b>	<b>808.7</b>	<b>960.4</b>	<b>1 038.8</b>	<b>13.2%</b>	<b>100.0%</b>
Compensation of employees	287.8	312.5	316.1	279.4	-1.0%	49.9%	235.8	260.7	279.4	0.0%	30.6%
Goods and services	252.6	253.0	244.5	417.6	18.3%	47.5%	553.4	679.5	738.3	20.9%	67.2%
Depreciation	12.7	15.0	16.2	18.5	13.3%	2.6%	19.5	20.2	21.1	4.5%	2.3%
Interest, dividends and rent on land	0.1	0.1	0.2	0.0	-37.2%	0.0%	0.0	0.0	0.0	-	0.0%
<b>Total expenses</b>	<b>553.1</b>	<b>580.5</b>	<b>577.0</b>	<b>715.5</b>	<b>9.0%</b>	<b>100.0%</b>	<b>808.7</b>	<b>960.4</b>	<b>1 038.8</b>	<b>13.2%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>1.0</b>	<b>(16.0)</b>	<b>(45.0)</b>	<b>5.0</b>	<b>71.0%</b>		<b>(40.0)</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	123.7	139.2	130.6	137.0	3.5%	24.8%	142.0	143.0	141.1	1.0%	29.5%
<i>of which:</i>											
<i>Acquisition of assets</i>	25.5	30.7	9.4	24.4	-1.5%	4.2%	24.5	26.2	23.1	-1.8%	5.1%
Investments	33.8	36.9	5.2	42.3	7.8%	5.5%	44.4	46.2	47.0	3.5%	9.4%
Inventory	0.1	0.2	-	-	-100.0%	0.0%	-	-	-	-	-
Receivables and prepayments	28.5	31.5	29.4	37.0	9.1%	5.9%	37.5	38.0	38.3	1.1%	7.9%
Cash and cash equivalents	410.3	314.3	368.2	283.9	-11.6%	63.6%	237.7	246.3	247.2	-4.5%	53.1%
Taxation	-	-	1.6	-	-	0.1%	-	-	-	-	-
<b>Total assets</b>	<b>596.5</b>	<b>522.2</b>	<b>534.9</b>	<b>500.2</b>	<b>-5.7%</b>	<b>100.0%</b>	<b>461.6</b>	<b>473.5</b>	<b>473.6</b>	<b>-1.8%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	302.0	286.6	241.4	246.6	-6.5%	50.0%	206.6	206.6	206.6	-5.7%	45.3%
Capital and reserves	1.9	-	-	2.9	15.4%	0.2%	3.3	3.6	3.6	8.2%	0.7%
Capital reserve fund	229.0	166.9	209.2	180.0	-7.7%	36.4%	180.0	190.0	190.0	1.8%	38.8%
Finance lease	0.2	0.1	0.0	-	-100.0%	0.0%	-	-	-	-	-
Deferred income	1.0	-	-	1.1	3.2%	0.1%	1.1	1.2	1.2	3.0%	0.2%
Trade and other payables	53.5	52.2	50.5	58.0	2.7%	10.0%	58.5	59.0	59.0	0.6%	12.3%
Taxation	1.1	1.5	-	1.3	3.7%	0.2%	1.3	1.4	1.4	3.8%	0.3%
Provisions	7.8	15.0	33.9	10.4	10.0%	3.1%	10.7	11.7	11.7	4.0%	2.3%
<b>Total equity and liabilities</b>	<b>596.5</b>	<b>522.2</b>	<b>535.0</b>	<b>500.2</b>	<b>-5.7%</b>	<b>100.0%</b>	<b>461.6</b>	<b>473.5</b>	<b>473.6</b>	<b>-1.8%</b>	<b>100.0%</b>



expected to account for 22.4 per cent of the total budget over the medium term. This is a decrease from the 25 per cent of the total budget the programme accounted for between 2010/11 and 2013/14. The decrease is in line with the council's objective to reduce the share of administration costs, while at the same time ensuring efficiency through the process improvement projects.

Reductions in staff costs between 2012/13 and 2013/14 were due to the revitalisation process that was initiated in this period. In terms of the process, the council sought to take responsibility for supporting and funding all intramural and extramural medical research in South Africa, with a greater share going to extramural research units at universities. Intramural research has been prioritised to address the 10 most common causes of death and their risk factors in South Africa. This change in emphasis necessitated a reduction in the number of council intramural units and staff from 759 in 2012/13 to 663 in 2013/14. The revitalisation process will have been completed in 2013/14, after which staff numbers will increase to 688 in 2016/17, based on project requirements. Spending on compensation of employees is expected to increase over the medium term to provide for the increase in personnel numbers. At the end of November 2013, the council had 15 vacancies, which the entity expects to fill over the medium term.

### **Other public entities and other agencies**

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Compensation Commissioner for Occupational Diseases in Mines and Works** was established in terms of the Occupational Diseases in Mines and Works Act (1973). Its main statutory functions include: administering the Mines and Works Compensation Fund to compensate ex-miners disabled by occupational lung disease; determining and recovering levies from controlled mines and works; awarding benefits to miners and ex-miners suffering from occupational lung related diseases; and investing levies collected and interest earned from investments. The commissioner's total budget for 2014/15 is R255.1 million.
- The **Council for Medical Schemes** is the national medical schemes regulatory authority established in terms of the Medical Schemes Act (1998). The council's vision for the medical scheme industry is that it is effectively regulated to protect the interests of members and promote fair and equitable access to private health financing. The council's total budget for 2014/15 is R123.1 million.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2013/14	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
<b>Departmental infrastructure</b>										
Gauteng: Shoshanguve Hospital	Building of new hospital	Feasibility	1 400.0	-	-	-	-	60.0	100.6	101.6
Limpopo: Tshilidzini Hospital	Replacement of hospital	Feasibility	1 400.0	-	-	-	1.0	80.0	100.4	126.4
Eastern Cape: Bambisana Hospital	Replacement of hospital	Feasibility	800.0	-	-	-	1.0	50.0	178.4	180.0
Eastern Cape: Zihulele Hospital	Replacement of hospital	Feasibility	968.0	-	-	-	1.0	50.0	100.4	150.0
Free State: Dithabeng Hospital	Upgrade and maintenance of the facility	Design	400.0	-	-	-	1.0	17.2	16.5	18.5
Limpopo: Sisoam Hospital	Replacement of hospital (main hospital and staff accommodation)	Design	800.0	-	-	-	10.3	218.8	200.8	224.0
Limpopo: Elim Hospital	Replacement of hospital	Feasibility	800.0	-	-	-	1.0	93.8	100.4	100.4
Eastern Cape: Nolitha Clinic	Replacement of clinic	Tender	8.2	-	-	-	2.7	5.5	-	-
Eastern Cape: Nkanga Clinic	Replacement of clinic	Tender	8.1	-	-	-	2.7	5.4	-	-
Eastern Cape: Lurhbebeni Clinic	Replacement of clinic	Tender	8.1	-	-	-	2.7	5.4	-	-
Eastern Cape: Maxhwele Clinic	Replacement of clinic	Tender	8.1	-	-	-	2.7	5.4	-	-
Eastern Cape: Lotana Clinic	Replacement of clinic	Tender	8.1	-	-	-	2.7	5.4	-	-
Eastern Cape: Lusikiski Clinic	Replacement of clinic	Tender	8.1	-	-	-	2.7	5.4	-	-
Mpumalanga: Msukaligwa community health centre	Replacement of community health centre	Tender	75.1	-	-	-	1.5	24.7	22.7	23.3
Mpumalanga: Mkhondo community health centre	Replacement of community health centre	Tender	75.1	-	-	-	1.5	24.7	22.7	23.3
Mpumalanga: Vukuzakhe community health centre	Replacement of community health centre	Tender	75.1	-	-	-	1.5	24.7	22.7	23.3
Mpumalanga: Balfour community health centre	Replacement of community health centre	Tender	75.1	-	-	-	1.5	24.7	22.7	23.3
Mpumalanga: Nhlazathse community health centre	Replacement of community health centre	Tender	75.1	-	-	-	1.5	24.7	22.7	23.3
Limpopo: Magwedzha Clinic	Replacement of clinic	Tender	6.9	-	-	-	1.5	5.4	-	-
Limpopo: Thengwe Clinic	Replacement of clinic	Tender	8.1	-	-	-	2.7	5.4	-	-
Limpopo: Mulenzhe Clinic	Replacement of clinic	Tender	8.1	-	-	-	2.7	5.4	-	-
Limpopo: Makonde Clinic	Replacement of clinic	Tender	8.1	-	-	-	2.7	5.4	-	-
Limpopo: Kutama Clinic	Replacement of clinic	Tender	8.1	-	-	-	2.7	5.4	-	-
Free State: Bolata Clinic	Replacement of clinic	Tender	7.9	-	-	-	2.7	5.2	-	-
Free State: Kokeleng Clinic	Replacement of clinic	Tender	7.9	-	-	-	2.7	5.2	-	-
Free State: Exelsior Clinic	Replacement of clinic	Tender	7.9	-	-	-	2.7	5.2	-	-
Eastern Cape: Buterworth Nursing College	Upgrades to the existing facility	Design	7.4	-	-	-	2.7	1.6	1.5	1.6
Eastern Cape: Madzine-ka-zulu Nursing College	Upgrades to the existing facility	Design	7.4	-	-	-	2.7	1.6	1.5	1.6
Free State: Manapo and Heuzendal Nursing College	Upgrades to the existing facility	Tender	25.1	-	-	-	9.0	5.7	5.1	5.4
Gauteng: Baragwanath Nursing College	Upgrades to the existing facility	Design	25.0	-	-	-	2.5	1.5	1.4	1.5
Gauteng: Military Nursing College	Upgrades to the existing facility	Design	32.0	-	-	-	2.5	1.5	1.4	1.5
Limpopo: Thohoyandou Nursing College	Upgrades to the existing facility	Various	23.0	-	-	-	1.5	0.9	0.8	0.9
Mpumalanga: Bethal Nursing School	Upgrades to the existing facility	Design	9.3	-	-	-	3.4	2.0	1.9	2.0
Mpumalanga: Middleburg Nursing School	Upgrades to the existing facility	Design	9.3	-	-	-	3.4	2.0	1.9	2.0
Northern Cape: Henrietta Nursing College	Upgrades to the existing facility	Feasibility	14.4	-	-	-	5.2	3.1	3.0	3.1

## Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2013/14	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R million										
North West: Excelsior Nursing College	Upgrades to the existing facility	Tender	20.7	-	-	-	7.5	4.4	4.2	4.5
North West: Mmabotho Nursing College	Upgrades to the existing facility	Tender	8.7	-	-	-	3.2	1.9	1.8	1.9
Doctors consulting rooms in national health insurance districts	Provision of mobile doctors consulting rooms to primary health care facilities	Construction	280.7	-	-	-	218.0	62.7	-	-
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Eastern Cape: Cecilia Makiwane Hospital	Construction of the main hospital (phase 4)	Construction	1 113.3	32.1	293.7	243.0	274.7	318.7	65.0	75.0
Gauteng: Natalapruitt Hospital	Construction of the main hospital	Hand over	2 317.8	296.6	456.2	250.7	232.1	150.0	-	-
KwaZulu-Natal: King George V	Upgrading and additions to existing hospital	Construction	1 245.4	133.2	182.0	109.3	113.1	15.0	12.1	12.1
KwaZulu-Natal: Ngwelezane Hospital and Lower Umfolozi War Memorial Hospital complex	Construction of the hospital complex	Construction	1 228.7	43.0	219.5	233.8	187.3	145.8	177.3	259.4
KwaZulu-Natal: Dr Pixley ka Seme Memorial Hospital	Construction of new hospital	Tender	2 785.9	31.6	28.9	82.9	24.9	271.0	341.8	341.8
Eastern Cape: Frontier Hospital	Upgrading of the existing facility	Construction	476.9	20.4	48.0	23.6	93.0	71.0	28.1	28.1
Eastern Cape: St Elizabeth's Hospital	Upgrading of the existing facility	Construction	724.2	53.1	79.3	58.8	100.0	48.6	80.9	100.9
Eastern Cape: Dr Malizo Mpehle Memorial Hospital	Upgrading of the emergency medical services centre, Freire Gateway Clinic and helpaid for the hospital	Construction	378.1	14.0	28.8	6.6	8.0	-	-	-
Eastern Cape: St Patrick's Hospital	Construction of remaining components of hospital in a new site	Construction	447.6	37.8	28.8	76.6	46.8	27.6	6.2	6.2
Free State: Boitumelo Hospital	Revitalisation of existing hospital	Construction	840.2	57.0	95.4	120.3	85.0	62.6	-	-
Free State: Pelononi Regional Hospital	Revitalisation of existing hospital	Construction	604.2	64.9	66.5	14.5	98.0	100.5	80.0	80.0
Free State: Free State Psychiatric Complex	Upgrading of existing hospital	Design	594.7	32.5	24.0	1.1	-	101.0	140.8	175.7
Free State: Mantsopa Hospital in Ladybrand	Construction of hospital	Construction	439.4	45.6	119.9	163.7	80.0	-	-	-
Free State: Tronburg Hospital	Construction of new hospital	Construction	392.7	27.0	65.8	175.2	70.7	16.2	-	-
Free State: National Hospital (Mangaung)	Construction of new hospital	Feasibility	478.1	1.4	19.1	13.0	43.6	100.4	147.7	147.7
Gauteng: Mamelodi Hospital	Maintenance and repairs of hospital	Hand over	388.2	29.7	29.2	-	-	-	-	-
Gauteng: Zola Hospital	Construction of new hospital	Hand over	716.5	189.3	251.0	132.8	10.0	-	-	-
Gauteng: Chris Han Baragwanath	Construction of pharmacy, out patients department and X-ray departments completed	Construction	753.3	141.5	142.5	0.1	-	-	-	-
Gauteng: Katatong Hospital	Review of the business cases and development of the project brief	Feasibility	434.8	-	-	-	98.0	120.0	120.0	120.0
Gauteng: Germiston Hospital	Renovation of existing facilities	Construction	627.0	159.0	101.3	23.3	-	-	-	-
Gauteng: Sebokeng Hospital	Replacement of existing hospital	Feasibility	338.5	-	-	0.3	129.0	61.7	85.5	85.5
Gauteng: Khayalami Hospital	Upgrading of existing hospital	Feasibility	384.5	-	-	-	80.0	50.0	80.0	80.0
Gauteng: Jubilee Hospital	Replacement of existing hospital	Feasibility	451.6	-	-	-	80.0	52.0	171.6	171.6
Gauteng: Construction of clinics and community health centres	Construction of 4 clinics and 3 community health centres	Various	370.5	-	-	0.8	-	100.7	109.9	109.9
KwaZulu-Natal: Hlabisa Hospital	Upgrading of existing hospital	Various	315.6	3.1	19.5	14.4	9.4	31.5	25.8	25.8
KwaZulu-Natal: Rietvlei Hospital	Upgrading and additions to existing hospital	Construction	446.5	19.2	46.9	50.2	107.9	84.5	70.0	70.0
KwaZulu-Natal: Edendale Hospital	Upgrading of existing hospital	Various	285.0	17.6	26.9	76.4	81.6	48.7	3.1	3.1
Limpopo: Thabazimbi Hospital	Replacement of existing hospital	Feasibility	338.7	13.7	77.0	106.8	82.6	100.0	-	-
Limpopo: Enabling works programme for hospitals	Upgrading of 9 hospitals	Construction	250.9	71.9	100.8	178.0	86.0	15.0	-	-
Limpopo: Letaba Hospital	Upgrading of existing hospital	Construction	381.5	35.8	30.4	44.8	23.0	80.0	19.6	19.6
Limpopo: Maphutha L. Malaajj Hospital	Upgrading of existing hospital	Construction	251.5	25.2	21.6	5.4	30.9	80.0	10.6	10.6

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R. millon										
Mpumalanga: Rob Ferreira Hospital	Upgrading of existing hospital	Construction	887.7	121.8	142.4	102.6	36.1	41.5	–	–
Mpumalanga: Thembu Hospital	Upgrading of existing hospital	Construction	645.2	59.7	70.8	56.3	47.2	59.0	40.0	40.0
Mpumalanga: Ermelo Hospital	Upgrading of existing hospital	Construction	473.0	35.5	27.1	35.9	95.2	49.0	72.0	72.0
Mpumalanga: Hospital projects in planning stages	Various hospital constructions and upgrades	Construction	414.2	–	12.0	2.6	25.0	39.3	69.7	97.5
Northern Cape: Mental health hospital in Kimberley	Construction of the hospital	Feasibility	503.1	12.5	12.7	95.1	13.0	224.0	269.3	88.9
Northern Cape: Upington Hospital	Construction of new hospital	Construction	852.4	231.6	228.0	148.3	101.5	13.3	5.0	5.0
Northern Cape: De Aar Hospital	Construction of new hospital	Construction	629.7	10.0	126.8	111.2	196.8	39.3	50.0	50.0
Northern Cape: Kuruman Hospital	Construction of new hospital	Construction	391.4	0.0	–	–	6.0	81.0	175.0	175.0
North West: Vryburg Hospital	Construction of new hospital	Feasibility	503.6	58.8	18.6	6.8	–	–	–	–
North West: Moses Kotane Hospital	Construction of new hospital	Construction	664.5	94.7	14.2	17.8	53.3	45.0	13.7	13.7
North West: Brits Hospital	Construction of new hospital	Construction	779.9	96.0	254.9	148.9	142.0	19.0	5.0	5.0
North West: Bophelong Hospital	Construction of new hospital	Construction	931.8	54.3	69.1	104.3	148.0	131.4	173.5	178.4
Western Cape: Worcester Hospital	Upgrading of existing hospital	Construction	472.8	30.9	9.8	24.9	78.2	6.8	–	–
Western Cape: Paarl Hospital	Upgrading of existing hospital	Construction	631.4	88.3	34.5	12.0	34.2	3.3	–	–
Western Cape: Khayelitsha Hospital	Construction of new hospital	Construction	607.4	243.0	125.4	14.1	–	–	–	–
Western Cape: Mitchell's Plain Hospital	Construction of new hospital	Construction	583.8	111.7	141.2	271.8	20.7	–	–	–
Western Cape: Vredenburg Hospital	Rehabilitation of hospital	Construction	327.3	14.2	12.3	30.6	83.4	48.2	3.0	3.0
Western Cape: Valkenberg Hospital	Rehabilitation of hospital	Feasibility	991.7	6.8	5.1	10.9	221.9	165.8	246.6	246.6
Western Cape: GF Jooste Hospital	Rehabilitation of hospital	Construction	529.9	–	–	–	25.0	114.0	191.5	191.5
Eastern Cape: Madwaleni Hospital	Upgrading of existing hospital	Feasibility	220.3	0.8	5.6	3.3	19.0	47.6	85.8	150.0
Gauteng: Tambo Memorial Hospital	Replacement and renovations of existing hospital	Various	153.3	–	–	–	40.0	16.0	39.7	45.2
Gauteng: Dr. Yusuf Dadoo Hospital	Replacement and renovations of existing hospital	Pre-feasibility	223.3	–	–	–	40.0	16.0	40.0	40.0
Limpopo: Thabamoo Hospital	Upgrading of existing hospital	Construction	244.6	37.5	17.8	10.0	5.8	1.5	–	–
Limpopo: Musina Hospital	Development of project brief and design	Feasibility	191.4	0.3	–	–	15.0	40.0	145.9	245.9
Northern Cape: Prof ZK Mathews Hospital	Rebuilding of the pharmacy	Hand over	91.1	3.7	0.4	–	–	–	–	–
North West: Lichtenburg Hospital	Replacement of hospital	Feasibility	226.2	9.3	–	7.5	28.0	65.0	107.0	107.0
North West: Rustenburg Hospital	Review of business case and development of project brief	Feasibility	142.2	–	–	–	–	50.0	40.0	40.0
North West: Klerksdorp Hospital	Review of business case and development of project brief	Feasibility	145.0	–	–	–	5.0	50.0	40.0	40.0
Western Cape: George Hospital	Rehabilitation and upgrading of hospital	Construction	237.4	24.7	29.2	17.4	5.6	–	–	–
Western Cape: Brooklyn Chest Hospital	Rehabilitation and construction of new wards	Feasibility	137.8	–	–	–	6.5	61.0	70.3	70.3
KwaZulu-Natal: King Edward 8th Hospital	Upgrading and renovation of existing facilities	Construction	248.9	42.7	34.9	38.1	19.8	52.7	49.3	49.3
KwaZulu-Natal: Madadeni Hospital	Construction of new psychiatric hospital	Various	59.9	0.1	8.1	25.8	23.0	–	–	–
Limpopo: Dlokong Hospital	Additions and upgrade of existing hospital	Hand over	134.6	–	0.2	–	–	–	–	–
Limpopo: New hospitals in planning	Developments of business cases, project brief and design	Various	90.6	–	10.6	–	30.0	40.1	–	–
Limpopo: Other hospital revitalisation grant projects	Construction and upgrading of hospitals and other health facilities	Various	106.7	7.6	14.3	–	165.1	44.3	16.8	14.4

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R. million										
Mpumalanga: Other hospital revitalisation grant projects	Provision of equipment in various facilities and other enabling work	Various	32.5	-	-	32.5	-	-	-	
North West: Other hospital revitalisation grant projects	Provision of equipment in various facilities and other enabling work	Various	53.3	-	-	53.3	-	-	-	
Western Cape: Other hospital revitalisation grant projects	Provision of equipment in various facilities and other enabling work	Various	59.9	-	-	59.9	-	-	-	
Eastern Cape: Various health infrastructure grant projects	Construction of new and upgrading of existing health facilities	Various	1 563.8	278.7	328.9	306.2	-	60.0	150.0	
Limpopo: Various health infrastructure grant projects	Construction of new and upgrading of existing health facilities	Various	1 312.3	192.4	253.1	266.7	-	40.0	150.0	
Free State: Various health infrastructure grant projects	Construction of new and upgrading of existing health facilities	Various	806.0	58.3	75.1	82.0	147.4	48.3	165.6	
Gauteng: Various health infrastructure grant projects	Construction of new and upgrading of existing health facilities	Various	744.8	60.3	137.0	110.4	61.9	80.0	70.0	
KwaZulu-Natal: Various health infrastructure grant projects	Construction of new and upgrading of existing health facilities	Various	2 690.6	280.4	364.8	572.5	373.6	483.9	380.1	
Mpumalanga: Various health infrastructure grant projects	Construction of new and upgrading of existing health facilities	Various	817.6	90.3	129.2	114.4	80.0	134.9	182.2	
Northern Cape: Various health infrastructure grant projects	Construction of new and upgrading of existing health facilities	Various	666.3	47.5	104.9	101.0	104.2	59.8	120.3	
North West: Various health infrastructure grant projects	Construction of new and upgrading of existing health facilities	Various	747.0	60.2	136.7	121.6	119.9	108.1	179.5	
Western Cape: Various health infrastructure grant projects	Construction of new and upgrading of existing health facilities	Various	972.4	195.9	124.8	129.0	139.3	219.7	111.9	
KwaZulu-Natal: Nursing colleges	Upgrade and maintenance	Various	84.2	-	-	16.5	23.9	29.5	30.8	
Limpopo: Nursing college	Upgrade and maintenance	Various	73.3	-	-	11.8	19.0	26.6	27.8	
Northern Cape: Nursing schools	Upgrade and maintenance	Various	1.0	-	-	1.0	-	4.0	-	
Gauteng: Nursing colleges and schools	Upgrade and maintenance	Various	69.7	-	-	7.7	19.1	24.7	25.9	
Western Cape: Nursing colleges	Upgrade and maintenance	Various	57.8	-	-	5.7	15.0	21.0	21.9	
Free State: Nursing colleges	Upgrade and maintenance	Various	55.2	-	-	3.3	14.2	20.0	20.9	
Eastern Cape: Nursing colleges	Upgrade and maintenance	Various	74.0	-	-	12.4	-	25.8	26.9	
Mpumalanga: Nursing colleges	Upgrade and maintenance	Various	54.6	-	-	5.4	14.1	19.8	-	
North West: Nursing colleges	Upgrade and maintenance	Various	48.6	-	-	8.7	12.6	17.6	-	
<b>Total</b>			<b>53 768.8</b>	<b>4 257.1</b>	<b>5 683.4</b>	<b>5 524.4</b>	<b>5 471.0</b>	<b>6 097.0</b>	<b>6 324.4</b>	<b>6 693.6</b>



# Vote 17

## Higher Education and Training

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	217.1	215.4	0.2	1.6	225.7	238.9
Human Resource Development, Planning and Monitoring Coordination	48.8	45.5	2.9	0.4	51.5	54.9
University Education	30 448.0	48.6	30 399.0	0.4	32 854.2	34 616.8
Vocational and Continuing Education and Training	6 042.2	214.4	5 827.2	0.6	6 401.9	6 748.3
Skills Development	110.6	86.7	23.2	0.7	116.7	124.2
<b>Subtotal</b>	<b>36 866.7</b>	<b>610.5</b>	<b>36 252.5</b>	<b>3.7</b>	<b>39 650.0</b>	<b>41 783.2</b>
<b>Direct charge against the National Revenue Fund</b>						
Sector education and training authorities	10 752.6	–	10 752.6	–	11 752.7	12 912.8
National Skills Fund	2 687.4	–	2 687.4	–	2 937.3	3 227.2
<b>Total expenditure estimates</b>	<b>50 306.7</b>	<b>610.5</b>	<b>49 692.5</b>	<b>3.7</b>	<b>54 340.0</b>	<b>57 923.2</b>
Executive authority	Minister of Higher Education and Training					
Accounting officer	Director General of Higher Education and Training					
Website address	www.dhet.gov.za					

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

### Aim

*Develop and support a quality higher and vocational education sector. Promote access to higher and vocational education and skills development training opportunities.*

### Mandate

The Department of Higher Education and Training derives its mandate from the following pieces of legislation:

- the Higher Education Act (1997), which provides for a unified and nationally planned system of higher education
- the Adult Basic Education and Training Act (2000), which provides for the establishment of public and private adult learning centres and for the governance of public centres
- the Further Education and Training Colleges Act (2006), which provides for the governance and funding of further education and training colleges
- the Skills Development Levies Act (1999), which provides for the imposition of skills development levies
- the Skills Development Act (2008), which enables the creation of the National Skills Agency, the establishment of the Quality Council for Trades and Occupations, and the regulation of apprenticeships, learnerships and other matters relating to skills development
- the National Education Policy Act (1996), which provides for the formulation of national policies in general and further education and training, curriculum assessment, and language policy and quality assurance
- the Employment of Educators Act (1998), which regulates the conditions of service, discipline, retirement and discharge of educators, and everything relating to educators employed by the state in further education and training institutions and public adult centres.

## Strategic goals

The department's strategic goals over the medium term are to:

- increase the number of skilled youth by expanding access to education and training for the youth
- ensure that capacity is built for post-school education and training institutions for the effective provision or facilitation of learning
- increase the number of students successfully entering the labour market once their training is complete
- increase the capacity for research, development and innovation to enhance economic growth and social development
- develop a college curriculum that is responsive to the demands of the marketplace and that is able to transform and adapt quickly and effectively to changing skills needs, with an emphasis on artisan training
- institute a credible institutional mechanism for skills planning to support an inclusive economic growth path
- ensure a highly effective, professional and efficient administration based on good corporate governance practices.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide overall management and administration of the department.

### Programme 2: Human Resource Development, Planning and Monitoring Coordination

**Purpose:** Provide strategic direction in the development, implementation and monitoring of departmental policies and the human resource development strategy for South Africa.

### Programme 3: University Education

**Purpose:** Develop and coordinate policy and regulatory frameworks for an effective and efficient university education system. Provide financial support to universities, the National Student Financial Aid Scheme and national institutes for higher education.

### Programme 4: Vocational and Continuing Education and Training

**Purpose:** Plan, develop, evaluate, monitor and maintain national policy, programmes, assessment practices and systems for vocational and continuing education and training, including further education and training colleges and post-literacy adult education and training.

### Programme 5: Skills Development

**Purpose:** Promote and monitor the national skills development strategy. Develop a skills development policy and regulatory framework for an effective skills development system.

## Selected performance indicators

**Table 17.1 Higher Education and Training**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of students enrolled in higher education institutions per year	University Education	Outcome 5: A skilled and capable workforce to support an inclusive growth path	816 400	886 033	938 201	935 710	994 067	1 022 593	1 051 693
Proportion of higher education enrolments in science, engineering and technology; business; and humanities	University Education		28:31:40	28:31:41	29:30:41	29:30:41	28:29:43	29:26:42	29:29:42

**Table 17.1 Higher Education and Training**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of higher education graduates per year	University Education	Outcome 5: A skilled and capable workforce to support an inclusive growth path	141 900	160 626	165 993	179 160	173 771	181 393	191 251
Number of headcount enrolments in further education and training colleges per year	Vocational and Continuing Education and Training		345 566	350 000	657 690	650 000	800 000	1 000 000	500 000
Number of full time equivalents enrolled in further education and training institutions per year	Vocational and Continuing Education and Training		212 215	210 971	263 721	303 280	348 772	401 088	421 100
Number of new artisans registered for training each year	Skills Development		23 517	24 378	21 849	26 000	27 000	28 000	29 000
Number of artisan learners competent each year	Skills Development		11 778	10 000	8 655	12 000	13 000	14 000	15 000

## The national development plan

The national development plan views the expansion of the higher education and training sectors as critical to achieving the envisaged inclusive economic growth. To this end, the plan aims to have 10 million university graduates in the country with a minimum of a bachelor's degree by 2030. In line with the plan's vision, the 2013 White Paper for Post-School Education and Training seeks to promote higher education and training as an expanded, effective, coherent and integrated system and to increase the targets set for enrolments and graduates by the department in higher education institutions. Over the next 3 years, the aim is to have approximately 3 million students enrolled in higher education institutions.

Bursaries are made available to deserving poor students through the National Student Financial Aid Scheme to expand enrolments in further education and training colleges to ensure that South Africa produces the required mid-level skills to support a growing economy. This also ensures that learners from poor households are well represented among those that enter and succeed at universities. For the period 2010/11 to 2012/13, there were 1 353 256 student enrolments at further education and training colleges and it is expected that approximately 2.3 million students will be enrolled in these colleges over the next 3 years. The department has set a target to nearly double headcount enrolment in colleges by 2015/16 to 1 million, with additional funding from the National Skills Fund. This funding is only available until 2015/16, after which enrolment is expected to drop to 500 000.

The national development plan recognises the critical role that artisans will play in ensuring that economic and development goals can be met, and has set a target of producing 30 000 qualified artisans per year by 2030. In support of this objective, and in an attempt to encourage growth of this sector, 2013 was declared the year of the artisan and extended to the decade of the artisan as from 2014. The department intends to increase the number of competent artisans by 1 000 per year to be able to meet the plan's 2030 target.

## Expenditure estimates

**Table 17.2 Higher Education and Training**

Programme	Audited outcome				Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14					2014/15	2015/16	2016/17		
R million													
Administration	114.4	152.4	171.7	189.7	185.3	17.4%	0.4%	217.1	225.7	238.9	8.8%	0.4%	
Human Resource Development, Planning and Monitoring Coordination	25.8	38.1	42.8	47.4	43.8	19.3%	0.1%	48.8	51.5	54.9	7.9%	0.1%	
University Education	19 537.9	23 428.4	26 228.7	28 300.7	28 299.3	13.1%	60.8%	30 448.0	32 854.2	34 616.8	6.9%	60.3%	
Vocational and Continuing Education and Training	3 942.9	4 540.8	5 045.9	5 691.0	5 697.3	13.1%	12.0%	6 042.2	6 401.9	6 748.3	5.8%	11.9%	
Skills Development	131.4	122.0	93.3	105.1	102.3	-8.0%	0.3%	110.6	116.7	124.2	6.7%	0.2%	
<b>Subtotal</b>	<b>23 752.4</b>	<b>28 281.7</b>	<b>31 582.4</b>	<b>34 333.9</b>	<b>34 328.0</b>	<b>13.1%</b>	<b>73.6%</b>	<b>36 866.7</b>	<b>39 650.0</b>	<b>41 783.2</b>	<b>6.8%</b>	<b>73.0%</b>	

Table 17.2 Higher Education and Training

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
<b>Direct charge against the National Revenue Fund</b>	<b>8 379.3</b>	<b>10 025.3</b>	<b>11 694.5</b>	<b>12 300.0</b>	<b>12 300.0</b>	<b>13.6%</b>	<b>26.4%</b>	<b>13 440.0</b>	<b>14 690.0</b>	<b>16 140.0</b>	<b>9.5%</b>	<b>27.0%</b>
Sector education and training authorities	6 704.1	8 021.4	9 355.6	9 840.6	9 840.6	13.6%	21.2%	10 752.6	11 752.7	12 912.8	9.5%	21.6%
National Skills Fund	1 675.2	2 003.8	2 338.9	2 459.4	2 459.4	13.7%	5.3%	2 687.4	2 937.3	3 227.2	9.5%	5.4%
<b>Total</b>	<b>32 131.6</b>	<b>38 306.9</b>	<b>43 276.9</b>	<b>46 633.9</b>	<b>46 628.0</b>	<b>13.2%</b>	<b>100.0%</b>	<b>50 306.7</b>	<b>54 340.0</b>	<b>57 923.2</b>	<b>7.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(91.5)	(97.4)			(52.7)	(18.9)	677.5		
<b>Economic classification</b>												
<b>Current payments</b>	<b>385.2</b>	<b>460.8</b>	<b>517.6</b>	<b>579.6</b>	<b>572.7</b>	<b>14.1%</b>	<b>1.2%</b>	<b>610.5</b>	<b>636.5</b>	<b>675.1</b>	<b>5.6%</b>	<b>1.2%</b>
Compensation of employees	258.2	305.6	360.4	402.7	400.3	15.7%	0.8%	426.5	448.4	478.0	6.1%	0.8%
Goods and services	127.0	155.2	157.2	176.9	172.5	10.7%	0.4%	184.0	188.0	197.1	4.6%	0.4%
<i>of which:</i>												
Computer services	20.3	31.4	23.4	36.6	29.5	13.3%	0.1%	26.6	28.2	29.4	-0.1%	0.1%
Consumable: Stationery, printing and office supplies	12.8	14.7	20.2	15.5	16.7	9.3%	0.0%	12.4	14.4	15.0	-3.5%	0.0%
Property payments	26.9	20.2	21.2	33.9	29.6	3.2%	0.1%	46.0	46.3	48.4	17.8%	0.1%
Travel and subsistence	29.9	38.4	42.3	43.9	50.0	18.6%	0.1%	48.9	50.2	52.9	1.9%	0.1%
<b>Transfers and subsidies</b>	<b>31 741.0</b>	<b>37 842.4</b>	<b>42 753.8</b>	<b>46 048.7</b>	<b>46 050.1</b>	<b>13.2%</b>	<b>98.8%</b>	<b>49 692.5</b>	<b>53 699.8</b>	<b>57 243.8</b>	<b>7.5%</b>	<b>98.8%</b>
Provinces and municipalities	3 804.0	4 375.3	4 844.6	2 454.2	2 454.2	-13.6%	9.7%	2 631.3	2 818.6	2 974.0	6.6%	5.2%
Departmental agencies and accounts	10 417.9	14 107.3	16 996.5	18 182.6	18 182.6	20.4%	37.2%	19 699.9	21 266.0	23 085.0	8.3%	39.3%
Higher education institutions	17 516.7	19 354.2	20 902.8	22 388.8	22 388.8	8.5%	50.0%	24 155.1	26 243.2	27 634.1	7.3%	48.0%
Foreign governments and international organisations	2.1	2.4	2.6	2.9	2.9	11.2%	0.0%	2.9	3.2	3.3	5.1%	0.0%
Non-profit institutions	–	3.0	5.0	3 020.2	3 020.2		1.9%	3 203.2	3 368.8	3 547.3	5.5%	6.3%
Households	0.4	0.2	2.3	0.1	1.5	57.4%	0.0%	–	–	–	-100.0%	0.0%
<b>Payments for capital assets</b>	<b>5.4</b>	<b>3.7</b>	<b>5.5</b>	<b>5.7</b>	<b>5.2</b>	<b>-1.2%</b>	<b>0.0%</b>	<b>3.7</b>	<b>3.7</b>	<b>4.3</b>	<b>-6.2%</b>	<b>0.0%</b>
Machinery and equipment	5.3	3.6	5.5	5.4	5.0	-2.2%	0.0%	3.7	3.7	4.3	-4.9%	0.0%
Software and other intangible assets	0.1	0.1	–	0.2	0.2	59.2%	0.0%	–	–	–	-100.0%	0.0%
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>32 131.6</b>	<b>38 306.9</b>	<b>43 276.9</b>	<b>46 633.9</b>	<b>46 628.0</b>	<b>13.2%</b>	<b>100.0%</b>	<b>50 306.7</b>	<b>54 340.0</b>	<b>57 923.2</b>	<b>7.5%</b>	<b>100.0%</b>

## Personnel information

Table 17.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Higher Education and Training	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
<b>Salary level</b>	<b>920</b>	<b>87</b>	<b>926</b>	<b>360.4</b>	<b>0.4</b>	<b>990</b>	<b>400.3</b>	<b>0.4</b>	<b>1 028</b>	<b>426.5</b>	<b>0.4</b>	<b>1 028</b>	<b>448.4</b>	<b>0.4</b>	<b>1 028</b>	<b>478.0</b>	<b>0.5</b>	<b>1.3%</b>	<b>100.0%</b>
1 – 6	371	87	441	41.9	0.1	462	46.6	0.1	470	49.7	0.1	470	52.2	0.1	470	54.8	0.1	0.6%	45.9%
7 – 10	344	–	309	69.2	0.2	339	79.7	0.2	353	87.3	0.2	353	91.9	0.3	353	96.7	0.3	1.4%	34.3%
11 – 12	122	–	103	56.3	0.5	112	64.4	0.6	122	73.6	0.6	122	77.5	0.6	122	81.6	0.7	2.9%	11.7%
13 – 16	83	–	71	62.3	0.9	77	69.2	0.9	83	78.3	0.9	83	82.5	1.0	83	89.3	1.1	2.5%	8.0%
Other	–	–	2	130.7	65.3	–	140.4	–	–	137.7	–	–	144.4	–	–	155.6	–	–	–

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on increasing the number of skilled youth by expanding access to higher and further education and training, particularly for poor students. This will be done by providing loans and bursaries, particularly towards qualifications that equip graduates with skills that are in scarce supply. In addition, the 23 sector education and training authorities and the National Skills Fund will

focus their spending on increasing the number of artisans and on focused skills training opportunities in line with the third national skills development strategy. The bulk of the allocation to fund these objectives is allocated to the *University Education* and *Vocational and Continuing Education and Training* programmes, which make transfers to higher education and further education and training institutions and the National Student Financial Aid Scheme. As a result of funding these programmes, the department expects that by 2016/17, 1 051 693 students will be enrolled in higher education institutions and 191 251 students will graduate, and headcount enrolments at further education and training colleges will increase from 345 566 in 2010/11 to 650 000 in 2013/14.

Spending in the *University Education* programme over the medium term is expected to grow, mainly due to an increase in the allocations for university subsidies, the establishment of two new universities, and additional loans and bursaries awarded by the National Student Financial Aid Scheme. Funded through a transfer from the programme, the scheme receives a Cabinet approved additional allocation of R145 million over the MTEF period to administer the additional funds provided for loans and bursaries at universities and colleges. The department also receives further Cabinet approved additional allocations over the medium term of R159.9 million for the further education and training colleges conditional grant and R104.3 million for subsidies for improved conditions of service for college employees; and R13 million goes to the South African Qualifications Authority for the verification of government employee qualifications.

Cabinet approved reductions of R104.3 million over the medium term are to be effected from the transfer to further training and education colleges and R6.3 million from the transfer to the Council on Higher Education in the *University Education* programme, and R12.3 million over the medium term from spending on goods and services in the department.

The department employed an additional 233 people between 2010/11 and 2013/14, the majority of which were at salary levels 7, 9 and 11, and at the end of November 2013 there were 990 filled posts. This was mainly due to the filling of critical vacant positions in the *Administration* and *Human Resource Development, Planning and Monitoring Coordination* programmes after the Department of Education was split into two departments in 2010, which resulted in a 15.7 per cent increase in spending on compensation of employees between 2010/11 and 2013/14. Over the medium term, spending on compensation of employees is expected to grow at a slower rate, as the majority of the funded posts created within the department by the split should have been filled.

### Infrastructure spending

The earmarked grant for infrastructure to higher education institutions is the largest item of spending on infrastructure. R9.5 billion over the medium term has been allocated to this grant for university infrastructure, R2.6 billion of which is to be used for the construction of the two newly established universities in Mpumalanga and Northern Cape. The balance of infrastructure funds are mainly for the improvement of infrastructure for the faculties of architecture and the built environment, engineering, health sciences, life and physical sciences, and teacher training disciplines, and for student accommodation. In addition, funds have been set aside to enable universities to improve their existing infrastructure to ensure easy access for students with disabilities. Most of the infrastructure allocations are earmarked for historically disadvantaged universities. In light of the increased role of ICT in higher education, funds have also been set aside to improve broadband connectivity and general ICT infrastructure at universities. This allocation for university infrastructure is supplemented by commitments of more than R2 billion from the universities from their own funds.

The department has also started a process to build 12 new further education and training college campuses and to refurbish two existing campus sites with funding provided through the National Skills Fund and the sector education and training authorities.

## Departmental receipts

Table 17.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	<b>8 902</b>	<b>10 272</b>	<b>10 913</b>	<b>10 915</b>	<b>9 317</b>	<b>1.5%</b>	<b>100.0%</b>	<b>9 425</b>	<b>9 574</b>	<b>10 083</b>	<b>2.7%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>3 468</b>	<b>3 918</b>	<b>4 949</b>	<b>5 583</b>	<b>4 172</b>	<b>6.4%</b>	<b>41.9%</b>	<b>4 382</b>	<b>4 580</b>	<b>4 821</b>	<b>4.9%</b>	<b>46.8%</b>
Sales by market establishments	240	390	457	246	279	5.1%	3.5%	293	301	311	3.7%	3.1%
of which:												
Academic services: Temporary accommodation	32	219	107	10	-	-100.0%	0.9%	183	191	201	-	1.5%
Sale of assets less than R5 000	2	7	-	-	10	71.0%	-	10	10	10	-	0.1%
Academic term	100	45	208	236	169	19.1%	1.3%	-	-	-	-100.0%	0.4%
Commission	106	119	142	-	100	-1.9%	1.2%	100	100	100	-	1.0%
Administration fees	2 544	2 768	3 915	4 474	2 833	3.7%	30.6%	2 975	3 114	3 282	5.0%	31.8%
of which:												
Exams	597	725	874	1 089	818	11.1%	7.6%	859	899	948	5.0%	9.2%
Trade fee	1 752	1 850	2 944	2 840	1 796	0.8%	21.2%	1 885	1 972	2 078	5.0%	20.1%
Universities	55	44	39	77	53	-1.2%	0.5%	56	59	62	5.4%	0.6%
Further education and training	130	149	58	-	166	8.5%	1.3%	175	184	194	5.3%	1.9%
Sports and club facilities	10	-	-	468	-	-100.0%	-	-	-	-	-	-
Other sales	684	760	577	863	1 060	15.7%	7.8%	1 114	1 165	1 228	5.0%	11.9%
of which:												
Boarding fees	344	210	86	104	292	-5.3%	2.4%	307	321	338	5.0%	3.3%
Parking	22	24	24	21	26	5.7%	0.2%	28	29	30	4.9%	0.3%
Sale of meals and refreshments	91	202	157	176	202	30.4%	1.7%	212	222	234	5.0%	2.3%
Commission	10	-	-	157	127	133.3%	0.3%	133	139	147	5.0%	1.4%
Rental	217	324	310	405	413	23.9%	3.2%	434	454	479	5.1%	4.6%
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>44</b>	<b>39</b>	<b>16</b>	<b>60</b>	<b>17</b>	<b>-27.2%</b>	<b>0.3%</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>-</b>	<b>0.2%</b>
of which:												
Waste paper	44	39	16	60	17	-27.2%	0.3%	17	17	17	-	0.2%
<b>Transfers received</b>	<b>33</b>	<b>-</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Interest, dividends and rent on land</b>	<b>3 565</b>	<b>3 512</b>	<b>3 458</b>	<b>3 096</b>	<b>3 463</b>	<b>-1.0%</b>	<b>35.5%</b>	<b>3 394</b>	<b>3 360</b>	<b>3 541</b>	<b>0.7%</b>	<b>35.8%</b>
Interest	3 565	3 512	3 458	3 096	3 463	-1.0%	35.5%	3 394	3 360	3 541	0.7%	35.8%
<b>Sales of capital assets</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions in financial assets and liabilities</b>	<b>1 792</b>	<b>2 796</b>	<b>2 410</b>	<b>2 176</b>	<b>1 665</b>	<b>-2.4%</b>	<b>22.0%</b>	<b>1 632</b>	<b>1 617</b>	<b>1 704</b>	<b>0.8%</b>	<b>17.2%</b>
<b>Total</b>	<b>8 902</b>	<b>10 272</b>	<b>10 913</b>	<b>10 915</b>	<b>9 317</b>	<b>1.5%</b>	<b>100.0%</b>	<b>9 425</b>	<b>9 574</b>	<b>10 083</b>	<b>2.7%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 17.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Ministry	21.0	29.9	29.6	26.7	8.4%	17.1%	31.6	32.5	34.5	8.9%	14.4%
Department Management	15.7	23.4	30.2	29.7	23.6%	15.8%	29.6	31.2	33.3	3.9%	14.2%
Corporate Services	38.6	59.7	64.1	59.0	15.1%	35.2%	63.2	66.1	70.7	6.2%	29.7%
Office of the Chief Financial Officer	10.4	16.9	22.3	36.5	52.1%	13.7%	41.7	44.3	46.4	8.3%	19.4%
Internal Audit	3.3	3.3	5.5	4.8	13.5%	2.7%	5.2	5.5	5.8	6.6%	2.4%
Office Accommodation	25.5	19.3	19.9	33.0	9.0%	15.5%	45.9	46.1	48.3	13.6%	19.9%
<b>Total</b>	<b>114.4</b>	<b>152.4</b>	<b>171.7</b>	<b>189.7</b>	<b>18.3%</b>	<b>100.0%</b>	<b>217.1</b>	<b>225.7</b>	<b>238.9</b>	<b>8.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(11.0)			5.8	4.4	4.2		

Table 17.5 Administration

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2010/11 - 2013/14	2014/15	2015/16		
R million												
<b>Current payments</b>	<b>109.6</b>	<b>149.6</b>	<b>166.9</b>	<b>186.6</b>	<b>19.4%</b>	<b>97.5%</b>	<b>215.4</b>	<b>224.0</b>	<b>237.1</b>	<b>8.3%</b>	<b>99.0%</b>	
Compensation of employees	48.5	70.0	88.0	105.5	29.6%	49.7%	115.0	120.9	129.3	7.0%	54.0%	
Goods and services	61.1	79.6	78.9	81.1	9.9%	47.9%	100.4	103.1	107.9	10.0%	45.0%	
of which:												
Computer services	10.8	16.7	11.7	11.6	2.4%	8.1%	15.5	17.0	17.7	15.0%	7.1%	
Consumable: Stationery, printing and office supplies	2.3	2.5	4.0	2.3	-1.2%	1.8%	3.1	3.0	3.2	12.0%	1.3%	
Property payments	26.0	20.0	20.1	33.3	8.6%	15.8%	45.7	45.9	48.0	13.0%	19.9%	
Travel and subsistence	8.9	15.2	16.1	12.5	12.1%	8.4%	13.9	14.4	14.8	5.8%	6.4%	
<b>Transfers and subsidies</b>	<b>0.4</b>	<b>0.3</b>	<b>1.2</b>	<b>0.2</b>	<b>-23.7%</b>	<b>0.3%</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>2.4%</b>	<b>0.1%</b>	
Departmental agencies and accounts	0.1	0.2	0.2	0.2	8.0%	0.1%	0.2	0.2	0.2	4.4%	0.1%	
Households	0.3	0.1	1.0	0.0	-66.4%	0.2%	-	-	-	-100.0%	-	
<b>Payments for capital assets</b>	<b>4.4</b>	<b>2.4</b>	<b>3.6</b>	<b>2.9</b>	<b>-13.6%</b>	<b>2.1%</b>	<b>1.6</b>	<b>1.5</b>	<b>1.6</b>	<b>-17.1%</b>	<b>0.9%</b>	
Machinery and equipment	4.4	2.3	3.6	2.6	-15.5%	2.1%	1.6	1.5	1.6	-14.9%	0.8%	
Software and other intangible assets	0.1	0.1	-	0.2	59.2%	0.1%	-	-	-	-100.0%	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>0.1</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>114.4</b>	<b>152.4</b>	<b>171.7</b>	<b>189.7</b>	<b>18.3%</b>	<b>100.0%</b>	<b>217.1</b>	<b>225.7</b>	<b>238.9</b>	<b>8.0%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.6%</b>			<b>0.6%</b>	<b>0.6%</b>	<b>0.6%</b>			

## Personnel information

Table 17.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17								
<b>Salary level</b>	<b>320</b>	<b>38</b>	<b>352</b>	<b>88.0</b>	<b>0.3</b>	<b>368</b>	<b>105.5</b>	<b>0.3</b>	<b>358</b>	<b>115.0</b>	<b>0.3</b>	<b>358</b>	<b>120.9</b>	<b>0.3</b>	<b>358</b>	<b>129.3</b>	<b>0.4</b>	<b>-0.9%</b>	<b>100.0%</b>
1 – 6	143	38	189	19.5	0.1	187	22.9	0.1	181	24.6	0.1	181	25.6	0.1	181	27.1	0.1	-1.1%	50.6%
7 – 10	117	-	110	26.2	0.2	120	32.7	0.3	117	38.5	0.3	117	40.4	0.3	117	43.3	0.4	-0.8%	32.7%
11 – 12	29	-	28	15.6	0.6	32	20.2	0.6	29	18.3	0.6	29	19.4	0.7	29	20.7	0.7	-3.2%	8.3%
13 – 16	31	-	23	22.0	1.0	27	25.1	0.9	29	30.0	1.0	29	31.8	1.1	29	34.1	1.2	2.4%	7.9%
Other	-	-	2	4.7	2.4	2	4.7	2.3	2	3.6	1.8	2	3.8	1.9	2	4.1	2.0	-	0.6%

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

2. Rand million.

## Expenditure trends

The department will focus on providing the required corporate services to the department, ensuring that the *Office of the Chief Financial Officer* subprogramme has the requisite personnel to manage the department's finances and seeing to its accommodation needs. Thus the bulk of expenditure over the medium term is on compensation of employees and property payments and in the *Corporate Services, Office of the Chief Financial Officer* and *Office Accommodation* subprogrammes. These are also the primary areas of increased expenditure over this period.

Over the medium term, the department expects the number of personnel to remain constant. The increase in expenditure on compensation of employees between 2012/13 and 2016/17 is mainly driven by the upgrading of clerical posts in 2013/14, additional funding for improved conditions of services and the filling of critical vacant positions. There were 4 funded vacant positions as at 30 November 2013 as a result of attrition. The vacancies are in the process of being filled.

To provide additional accommodation for personnel after the rapid growth which occurred after the department's establishment in 2010, spending on property payments in the *Office Accommodation* subprogramme is projected to increase by R12.9 million from 2013/14 to 2014/15.

Between 2010/11 and 2013/14, programme expenditure increased mainly due to the appointment of additional personnel and the related goods and services expenditure and capital costs required to establish the department in 2010. In this period, the number of filled posts increased from 190 in 2010/11 to 352 in 2012/13, including 45 interns. To give effect to Cabinet approved reductions, the department will reduce spending by R12.3 million over the medium term on various goods and services items.

## **Programme 2: Human Resource Development, Planning and Monitoring Coordination**

### **Objectives**

- Provide accurate data on skills supply and demand in the country by establishing and maintaining an integrated higher education and training management information system, linking all providers of education and training, and integrating all institutional data into a single system by 2014/15.
- Improve career advisory services by:
  - ensuring that a career development policy and implementation strategy is developed by 2015/16
  - establishing and maintaining a coherent career development service by March 2017.
- Foster productive international cooperation on educational themes across all levels of education by pursuing and strengthening bilateral relations with priority countries annually.
- Promote social inclusion, equity and transformation within the department and its entities by focusing on policy research, monitoring and evaluation in matters relating to race, class, gender, age, disability, geography, HIV and AIDS, and developing and overseeing policy implementation on these matters by March 2015.

### **Subprogrammes**

- *Programme Management: Human Resource Development, Planning and Monitoring Coordination* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 3 in 2013/14.
- *Human Resource Development, Strategic Planning and Coordination* provides strategic direction in the development, implementation and monitoring of departmental policies; and coordinates activities in relation to the national human resources development strategy. In 2013/14, key outputs included the development of ministerial guidelines to the national qualifications framework; the establishment of structures and strategic performance plans for the Human Resource Development Council; and the development of the department's annual performance and strategic plans, and associated reporting. This subprogramme had a staff complement of 20 in 2013/14.
- *Planning, Information, Monitoring and Evaluation Coordination* monitors and evaluates policy outputs of the department; coordinates research in the fields of higher education and training; and ensures that education policies, plans and legislation are developed into systems through monitoring their implementation on an ongoing basis. In 2012/13, the focus was on revising policy related to education and training information, developing frameworks for career guidance services, and providing coordinated information on skills supply and demand in the country. After public consultation, the minister published the higher education and training information policy in 2013/14. In addition, a successful project, incorporating a career helpline and a national career advice portal, was undertaken in 2010/11 and extended to the end of September 2014 with further support from the National Skills Fund and the European Union. This subprogramme had a staff complement of 21 in 2013/14.
- *International Relations* develops and promotes international relations; supports the United Nations Educational, Scientific and Cultural Organisation in the higher education subsystem; and manages, monitors and reports on international donor grant funding. In line with the pursuit of African advancement and international cooperation in education and training, R2.9 million was transferred in 2013/14 to the Commonwealth of Learning and the India-Brazil-South Africa Trilateral Commission for membership fees. This subprogramme had a staff complement of 16 in 2013/14.

- *Legal and Legislative Services* manages the legal and legislative services of the department, universities, colleges, sector education and training authorities, and the National Skills Fund with regard to legal and legislative matters. A key activity in 2013/14 was the management of the amendments to skills legislation in relation to the shifting of the further education and training colleges function from the provincial to the national sphere. Over the medium term, this subprogramme will remain responsible for providing legal advice and managing any litigation concerning the department, for drafting regulations and legislation and for providing advice on all departmental protocols and agreements. This subprogramme had a staff complement of 12 in 2013/14.
- *Social Inclusion in Education* promotes access to higher education and participation by all learners in training programmes; manages the development, evaluation and maintenance of policy, programmes and systems for learners with special needs; and monitors the implementation of those policies. In 2012/13, a policy document was developed and submitted to the minister and the oversight committee on transformation and social inclusion. A key output is a report on the implementation of the social inclusion policy framework, which was expected to be completed by the end of March 2014. This subprogramme had a staff complement of 8 in 2013/14.

## Expenditure estimates

**Table 17.7 Human Resource Development, Planning and Monitoring Coordination**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Programme Management: Human Resource Development, Planning and Monitoring Coordination	2.1	3.0	4.0	4.1	25.5%	8.6%	2.8	3.0	3.2	-7.8%	6.5%
Human Resource Development, Strategic Planning and Coordination	6.5	10.0	9.1	11.6	21.4%	24.2%	11.3	12.0	12.8	3.3%	23.5%
Planning, Information, Monitoring and Evaluation Coordination	2.7	4.9	6.5	9.0	49.2%	15.0%	8.8	9.3	9.9	3.1%	18.2%
International Relations	7.4	9.9	10.9	9.8	9.8%	24.6%	10.3	10.9	11.6	5.9%	21.0%
Legal and Legislative Services	4.9	6.8	7.1	9.0	22.3%	18.1%	11.2	11.7	12.5	11.5%	21.9%
Social Inclusion in Education	2.2	3.5	5.2	3.9	21.7%	9.6%	4.4	4.6	4.9	7.9%	8.8%
<b>Total</b>	<b>25.8</b>	<b>38.1</b>	<b>42.8</b>	<b>47.4</b>	<b>22.6%</b>	<b>100.0%</b>	<b>48.8</b>	<b>51.5</b>	<b>54.9</b>	<b>5.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(0.6)			(4.0)	(4.3)	(4.4)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>23.6</b>	<b>35.4</b>	<b>39.9</b>	<b>44.2</b>	<b>23.4%</b>	<b>92.9%</b>	<b>45.5</b>	<b>48.0</b>	<b>51.3</b>	<b>5.0%</b>	<b>93.3%</b>
Compensation of employees	20.2	27.5	33.4	38.4	23.9%	77.6%	38.1	40.4	43.3	4.1%	79.1%
Goods and services	3.4	7.9	6.5	5.8	20.3%	15.3%	7.4	7.6	8.0	11.1%	14.2%
of which:											
Computer services	0.0	0.0	0.1	0.1	107.1%	0.1%	0.2	0.2	0.3	47.6%	0.4%
Consumable: Stationery, printing and office supplies	0.3	0.3	0.3	0.5	27.0%	0.9%	0.3	0.3	0.4	-12.0%	0.8%
Property payments	0.0	0.0	0.1	0.0	-65.3%	0.1%	0.0	0.0	0.0	26.0%	-
Travel and subsistence	1.6	3.0	2.8	2.0	7.4%	6.1%	2.5	2.7	2.9	13.0%	5.0%
<b>Transfers and subsidies</b>	<b>2.1</b>	<b>2.4</b>	<b>2.6</b>	<b>2.9</b>	<b>11.2%</b>	<b>6.5%</b>	<b>2.9</b>	<b>3.2</b>	<b>3.3</b>	<b>5.1%</b>	<b>6.0%</b>
Foreign governments and international organisations	2.1	2.4	2.6	2.9	11.2%	6.5%	2.9	3.2	3.3	5.1%	6.0%
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>40.8%</b>	<b>0.7%</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>-1.7%</b>	<b>0.7%</b>
Machinery and equipment	0.1	0.3	0.3	0.3	39.8%	0.7%	0.4	0.3	0.3	-1.0%	0.7%
<b>Total</b>	<b>25.8</b>	<b>38.1</b>	<b>42.8</b>	<b>47.4</b>	<b>22.6%</b>	<b>100.0%</b>	<b>48.8</b>	<b>51.5</b>	<b>54.9</b>	<b>5.0%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>			<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>2.1</b>	<b>2.4</b>	<b>2.6</b>	<b>2.9</b>	<b>11.2%</b>	<b>6.5%</b>	<b>2.9</b>	<b>3.2</b>	<b>3.3</b>	<b>5.1%</b>	<b>6.0%</b>
Indian-Brazil-South Africa Trilateral Commission	0.4	0.4	0.4	0.5	12.4%	1.1%	0.5	0.5	0.5	1.8%	1.0%
Commonwealth of Learning	1.7	2.0	2.2	2.4	11.0%	5.4%	2.4	2.7	2.8	5.8%	5.0%

## Personnel information

**Table 17.8 Details of approved establishment and personnel numbers according to salary level**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual 2012/13			Revised estimate 2013/14			Medium-term expenditure estimate 2014/15			Medium-term expenditure estimate 2015/16			Medium-term expenditure estimate 2016/17			Average growth rate (%)	Salary level/total: Average (%)	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Human Resource Development, Planning and Monitoring Coordination		83	33.4	0.4	77	35.2	0.5	80	38.1	0.5	80	40.4	0.5	80	43.3	0.5	1.3%	100.0%	
Salary level	72	8																	
1-6	7	8	19	1.6	0.1	15	2.2	0.1	15	1.8	0.1	15	1.9	0.1	15	2.0	0.1	-	18.9%
7-10	34	-	28	9.8	0.4	34	9.9	0.3	34	11.6	0.3	34	12.3	0.4	34	13.2	0.4	-	42.9%
11-12	15	-	17	10.7	0.6	14	10.7	0.8	15	10.0	0.7	15	10.6	0.7	15	11.4	0.8	2.3%	18.6%
13-16	16	-	19	11.2	0.6	14	12.4	0.9	16	14.7	0.9	16	15.6	1.0	16	16.7	1.0	4.6%	19.6%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on developing, implementing and monitoring departmental policies, and promoting international relations, as well as supporting the United Nations Educational, Scientific and Cultural Organisation in the higher education subsystem. This requires periodic domestic and international travel and accounts for the level of, and growth in, expenditure on travel and subsistence over the medium term. Spending on compensation of employees is the largest item of expenditure in this programme over the seven-year period. The spending increase of 23.9 per cent between 2010/11 and 2013/14 under this item was as a result of critical vacant positions being filled across all subprogrammes so as to fully capacitate the department after its establishment in 2010. This saw the number of filled posts increase from 42 in 2010/11 to 77 in 2013/14, included 8 interns, and is also the reason for the growth in expenditure across all subprogrammes in this period. There were 3 funded vacant posts at the end of November 2013 as a result of normal attrition. These vacancies are in the process of being filled and will bring the number of personnel to 80 over the medium term.

The significant increase in expenditure in the *Legal and Legislative Services* subprogramme over the medium term is mainly driven by the legal costs related to proposed amendments to skills and further education and training legislation. Spending on consultants was equivalent to 4.2 per cent of the expenditure on compensation of employees in 2012/13, and is expected to increase from R1.4 million in 2012/13 to R2.7 million in 2016/17. Consultants in this programme are mainly used for legal services.

## Programme 3: University Education

### Objectives

- Support universities to increase their graduate output, especially in scarce skills, by providing foundation and teaching development grants to increase the number of:
  - engineering graduates from 9 387 in 2012/13 to 13 000 in 2016/17
  - life and physical science graduates from 5 526 in 2012/13 to 9 000 in 2016/17, and human and animal health sciences graduates from 8 070 in 2012/13 to 10 000 in 2016/17.
- Expand equitable access to and success in higher education by supporting institutions with the annual allocation of grants earmarked for foundation programmes, teaching development and infrastructure development.
- Monitor the performance of all 25 universities annually by providing reliable planning and monitoring data through a quality higher education management information system and updating the student data biannually.
- Enhance and support university research capacity and productivity through the provision of research and development grants to increase the number of graduates of masters programmes from 5 281 graduates in 2012/13 to 6 984 in 2016/17, and of doctoral programmes from 1 576 graduates in 2012/13 to 2 339 in 2016/17.

- Improve access to university education opportunities in Mpumalanga and Northern Cape by overseeing the establishment of universities for these provinces over the medium to long term.
- Expand the provision of initial teacher education and increase the number of newly qualified teachers by increasing the number of institutions providing foundation phase teacher education from 20 in 2012/13 to 21 in 2016/17, and the number of graduates from initial teacher education programmes from 10 543 in 2012/13 to 15 000 in 2016/17.

## Subprogrammes

- *Programme Management: University Education* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions for the programme. This subprogramme had a staff complement of 2 in 2013/14.
- *University – Academic Planning and Management* plans and monitors the university system. This entails analysing institutional and national plans, and maintaining programme and qualification combinations. The bulk of this subprogramme's budget is transferred to the National Student Financial Aid Scheme for university and further education and training college student loans and bursaries. Transfers are also made to the Council on Higher Education and Training as well as to the South African Qualifications Authority as contributions to their operations. In 2012/13, a programme qualifications framework and initial spatial plans were developed for 2 new universities: the Sol Plaatje University in Kimberley and the University of Mpumalanga in Nelspruit. By the end of September 2013, 5 of the 6 programmes that are offered at the two new universities had been accredited by the Council on Higher Education and interim heads for the interim management teams for each university had been appointed. Construction on the new infrastructure for Sol Plaatje University had started and refurbishment of existing buildings to accommodate the 2014 academic programmes had begun at both institutions. Sol Plaatje University was formally opened by the president in September 2013, and the University of Mpumalanga was opened in October 2013. These universities opened their doors in January 2014, with 140 students enrolled at Sol Plaatje and 135 students at Mpumalanga. This subprogramme had a staff complement of 19 in 2013/14.
- *University – Financial Planning and Information Systems* coordinates and manages the development and maintenance of universities' information systems and the appropriate funding framework for a diverse university system. Ongoing responsibilities include monitoring and assessing progress reports on the use of earmarked grants, including conducting site visits to all universities twice a year, and ensuring that the higher education information management system is properly maintained with updated data. Outputs over the medium term include a revised framework for university funding, implementing changes to the higher education management information system as a result of new policy initiatives and changes to policy. In 2012/13, a report on the use of funding in relation to success rates in higher education studies at public institutions was produced for each of the 23 institutions. By the end of September 2013, a draft policy on a teaching development grant to improve the quality and impact of university teaching had been developed. This subprogramme had a staff complement of 13 in 2013/14.
- *University – Policy and Development* regulates private university institutions and provides support for the development of universities. Ongoing responsibilities include monitoring and providing advice to higher education institutions on developing and enhancing research capacity, including strategies to increase the number of postgraduate students by analysing research outputs of all institutions and advising where changes and improvements in terms of funding allocations and funding could be made. The specific focus over the medium term will be on establishing the 2 new universities in Mpumalanga and Northern Cape, for which the names and seat of each university, the names of those appointed of the interim council, and the sites of delivery were officially gazetted in August 2013. The 2013 academic year focused on preparing the institutional, governance and management environment for the first cohort of students in 2014. In 2013/14, a workshop for life orientation teachers was held as a highlight of the Apply Now campaign. This subprogramme had a staff complement of 25 in 2013/14.
- *Teacher Education* develops a responsive and comprehensive national teacher education and development system as a subsystem of the higher education and training system, develops and maintains academic policy for teacher education qualifications in line with the higher education qualifications framework, mentors institutions for adherence to policy, and supports policy implementation to ensure relevant curricula and a

sufficient supply of well qualified teachers for all education subsystems. In 2012/13, a draft policy on further education and training lecturer qualifications was submitted to the Council on Higher Education for comment. In 2013/14, a national workshop was held with universities on the implementation of the policy on professional qualifications for technical and vocational education and training college lecturers. A key output over the medium term will be the finalisation and implementation of policies on teacher education qualifications for the different education subsectors (early childhood development, schooling, vocational education and training, adult education, and university education). This subprogramme had a staff complement of 20 in 2013/14.

- *University Subsidies* transfers payments to universities. The bulk of this subprogramme's budget is used for unconditional block grant transfers to the 25 universities. Funding is allocated to universities based on research outputs, teaching inputs and outputs, and contextual factors such as the number of disadvantaged students enrolled at an institution.

## Expenditure estimates

**Table 17.9 University Education**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Programme Management: University Education	1.9	1.8	1.6	2.4	8.6%	-	2.8	2.9	3.2	9.7%	-
University - Academic Planning and Management	1 997.3	4 044.2	5 290.7	5 870.8	43.2%	17.6%	6 248.3	6 563.9	6 932.4	5.7%	20.3%
University - Financial Planning and Information Systems	5.6	7.9	9.9	9.8	20.3%	-	8.9	9.4	10.0	0.8%	-
University - Policy and Development	11.1	13.7	16.8	20.0	21.6%	0.1%	21.9	23.1	24.6	7.1%	0.1%
Teacher Education	5.2	6.6	6.9	8.9	19.4%	-	11.0	11.7	12.5	11.8%	-
University Subsidies	17 516.7	19 354.2	20 902.8	22 388.8	8.5%	82.2%	24 155.1	26 243.2	27 634.1	7.3%	79.6%
<b>Total</b>	<b>19 537.9</b>	<b>23 428.4</b>	<b>26 228.7</b>	<b>28 300.7</b>	<b>13.1%</b>	<b>100.0%</b>	<b>30 448.0</b>	<b>32 854.2</b>	<b>34 616.8</b>	<b>6.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(2.9)			22.0	50.7	74.1		
<b>Economic classification</b>											
<b>Current payments</b>	<b>34.4</b>	<b>36.0</b>	<b>38.9</b>	<b>43.8</b>	<b>8.5%</b>	<b>0.2%</b>	<b>48.6</b>	<b>51.4</b>	<b>55.0</b>	<b>7.8%</b>	<b>0.2%</b>
Compensation of employees	28.0	28.8	30.6	36.5	9.3%	0.1%	42.5	45.0	48.1	9.6%	0.1%
Goods and services	6.4	7.2	8.3	7.3	4.9%	-	6.2	6.4	6.9	-2.2%	-
of which:											
Computer services	0.0	0.3	0.3	0.7	795.5%	-	0.7	0.8	0.8	3.7%	-
Consumable: Stationery, printing and office supplies	0.3	0.4	0.3	0.5	22.9%	-	0.9	0.8	0.9	20.1%	-
Property payments	0.1	0.0	0.0	0.1	-4.8%	-	0.0	0.0	0.0	-41.9%	-
Travel and subsistence	3.5	3.9	4.3	3.5	-0.1%	-	3.0	3.2	3.5	0.2%	-
<b>Transfers and subsidies</b>	<b>19 503.5</b>	<b>23 392.2</b>	<b>26 189.5</b>	<b>28 256.5</b>	<b>13.2%</b>	<b>99.8%</b>	<b>30 399.0</b>	<b>32 802.5</b>	<b>34 561.5</b>	<b>6.9%</b>	<b>99.8%</b>
Departmental agencies and accounts	1 986.7	4 035.1	5 281.4	5 860.7	43.4%	17.6%	6 236.5	6 551.5	6 919.2	5.7%	20.3%
Higher education institutions	17 516.7	19 354.2	20 902.8	22 388.8	8.5%	82.2%	24 155.1	26 243.2	27 634.1	7.3%	79.6%
Non-profit institutions	-	3.0	5.0	7.0	-	-	7.4	7.8	8.2	5.3%	-
Households	-	-	0.3	0.1	-	-	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>	<b>74.3%</b>	<b>-</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>-8.0%</b>	<b>-</b>
Machinery and equipment	0.1	0.1	0.3	0.4	74.3%	-	0.4	0.3	0.3	-8.0%	-
<b>Total</b>	<b>19 537.9</b>	<b>23 428.4</b>	<b>26 228.7</b>	<b>28 300.7</b>	<b>13.1%</b>	<b>100.0%</b>	<b>30 448.0</b>	<b>32 854.2</b>	<b>34 616.8</b>	<b>6.9%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>82.3%</b>	<b>82.8%</b>	<b>83.0%</b>	<b>82.4%</b>			<b>82.6%</b>	<b>82.9%</b>	<b>82.8%</b>		

**Table 17.9 University Education**

Details of selected transfers and subsidies			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
Audited outcome						2013/14					2014/15 2015/16 2016/17
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>1 986.7</b>	<b>4 035.1</b>	<b>5 281.4</b>	<b>5 860.7</b>	<b>43.4%</b>	<b>17.6%</b>	<b>6 236.5</b>	<b>6 551.5</b>	<b>6 919.2</b>	<b>5.7%</b>	<b>20.3%</b>
National Student Financial Aid Scheme	1 909.4	3 956.8	5 195.7	5 769.4	44.6%	17.3%	6 138.8	6 448.6	6 810.7	5.7%	19.9%
Council on Higher Education	36.0	36.8	40.0	41.9	5.1%	0.2%	42.7	44.0	45.7	2.9%	0.1%
South African Qualifications Authority	41.3	41.4	45.7	49.4	6.1%	0.2%	55.0	59.0	62.9	8.4%	0.2%
<b>Higher education institutions</b>											
<b>Current</b>	<b>15 905.8</b>	<b>17 714.5</b>	<b>19 088.4</b>	<b>20 227.7</b>	<b>8.3%</b>	<b>74.8%</b>	<b>21 442.1</b>	<b>22 929.6</b>	<b>24 144.9</b>	<b>6.1%</b>	<b>70.3%</b>
University subsidies	15 905.8	17 714.5	19 026.6	20 077.7	8.1%	74.6%	21 283.1	22 763.3	23 969.8	6.1%	69.8%
Witwatersrand: New universities in Mpumalanga and Northern Cape	-	-	61.8	28.7	-	0.1%	159.0	166.3	175.1	82.7%	0.4%
University of Mpumalanga	-	-	-	58.2	-	0.1%	-	-	-	-100.0%	-
Sol Plaatje University	-	-	-	63.1	-	0.1%	-	-	-	-100.0%	0.1%
<b>Capital</b>	<b>1 610.9</b>	<b>1 639.7</b>	<b>1 814.4</b>	<b>2 161.1</b>	<b>10.3%</b>	<b>7.4%</b>	<b>2 713.0</b>	<b>3 313.6</b>	<b>3 489.2</b>	<b>17.3%</b>	<b>9.3%</b>
University subsidies	1 610.9	1 639.7	1 814.4	2 011.1	7.7%	7.3%	2 213.0	2 313.6	2 436.2	6.6%	7.1%
Witwatersrand: New universities in Mpumalanga and Northern Cape	-	-	-	150.0	-	0.2%	500.0	1 000.0	1 053.0	91.5%	2.1%
<b>Non-profit institutions</b>											
<b>Current</b>	<b>-</b>	<b>3.0</b>	<b>5.0</b>	<b>7.0</b>	<b>-</b>	<b>-</b>	<b>7.4</b>	<b>7.8</b>	<b>8.2</b>	<b>5.3%</b>	<b>-</b>
Higher Education South Africa	-	3.0	5.0	7.0	-	-	7.4	7.8	8.2	5.3%	-

## Personnel information

**Table 17.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>University Education</b>																			
<b>Salary level</b>	<b>80</b>	<b>10</b>	<b>72</b>	<b>30.6</b>	<b>0.4</b>	<b>79</b>	<b>32.5</b>	<b>0.4</b>	<b>90</b>	<b>42.5</b>	<b>0.5</b>	<b>90</b>	<b>45.0</b>	<b>0.5</b>	<b>90</b>	<b>48.1</b>	<b>0.5</b>	<b>4.4%</b>	<b>100.0%</b>
1 – 6	8	10	15	1.5	0.1	17	1.5	0.1	18	1.7	0.1	18	1.8	0.1	18	1.9	0.1	1.9%	20.3%
7 – 10	30	-	26	5.5	0.2	27	5.9	0.2	30	6.9	0.2	30	7.3	0.2	30	7.7	0.3	3.6%	33.5%
11 – 12	28	-	21	11.5	0.5	24	13.8	0.6	28	16.8	0.6	28	17.7	0.6	28	18.7	0.7	5.3%	30.9%
13 – 16	14	-	10	8.0	0.8	11	9.5	0.9	14	12.7	0.9	14	13.4	1.0	14	14.2	1.0	8.4%	15.2%
Other	-	-	-	4.0	-	-	1.8	-	-	4.3	-	-	4.8	-	-	5.7	-	-	-

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

2. Rand million.

## Expenditure trends

In line with the strategic goal to increase the number of skilled youth by expanding access to education and training, the spending focus over the medium term will be on transfer payments to higher education institutions in the *University Subsidies* subprogramme. R78 billion will be transferred as subsidies to universities over the medium term. R2.2 billion of this allocation will be allocated to universities for infrastructure development in 2014/15 and an additional R2.6 billion is allocated for capital expenditure for the new universities in Mpumalanga and Northern Cape over the medium term. A further R500.4 million is allocated to this subprogramme for the establishment and administration of these universities over the medium term, including completing the technical work to establish the seats of learning, environmental and economic impact assessments, and academic and space architecture. These two new universities will not only increase enrolment rates at higher education institutions but will also increase graduation rates by providing more on-campus student accommodation and focussed bridging programmes.

The department provides loans and bursaries to support deserving poor students at universities and further education and training colleges through the National Student Financial Aid Scheme, which is reflected in spending in the *University – Academic Planning and Management* subprogramme. Government's commitment towards these loans and bursaries is set to increase from R5.8 billion in 2013/14 to R6.8 billion in 2016/17 in

support of the drive to expand enrolment at universities and colleges. The number of students enrolled in higher education institutions per year is thus expected to increase from 935 710 in 2013/14 to 1 051 693 in 2016/17. The number of graduates each year is also projected to increase from 179 160 to 191 251 over the medium term.

The number of personnel in this programme is expected to increase from 72 posts in 2012/13 to 90 by 2016/17, which includes 10 interns. This increase is mainly due to the filling of critical vacant positions that resulted from the establishment of the department in April 2010. Over the medium term, the growth in expenditure on compensation of employees will mainly be for improved conditions of service and the filling of the 11 funded vacant posts over this period. These posts were vacant at 30 November 2013, mainly as a result of normal attrition and the difficulties experienced in finding candidates with suitable expertise in the higher education sector.

## **Programme 4: Vocational and Continuing Education and Training**

### **Objectives**

- Ensure the continued relevance of further education and training college programmes by supporting the development of a diverse range of high quality and responsive vocational education and training qualifications and programmes over the MTEF period, through consultation with relevant role players.
- Expand the institutional base for the provision of quality post-school education and training by registering new private education institutions and monitoring all the registered private further education and training colleges for compliance and performance each year.
- Improve the vocational qualification rate by increasing the year-on-year certification rate of further education and training college students in vocational programmes by at least 5 per cent in 2015 from the 2011 average baseline of 36.2 per cent, by initiating and supporting interventions such as providing training and support to lecturers.
- Improve the portability of students between colleges, industry and universities of technology by facilitating and supporting partnerships between these institutions over the medium term.
- Ensure credible examinations and assessment practices at further education and training colleges and adult education and training centres by monitoring and supporting examination centres annually.

### **Subprogrammes**

- *Programme Management: Vocational and Continuing Education and Training* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 11 in 2013/14.
- *Planning and Institutional Support* provides the framework, coordination and support to further education and training colleges for the management, governance and delivery of vocational and occupational programmes; manages the further education and training colleges conditional grant to all provinces; manages the further education and training colleges subsidies to 50 further education and training colleges; and regulates the provision of education and training by private education institutions offering qualifications in the further education and training band of the national qualifications framework. The bulk of this subprogramme's budget is used for transfers to the 50 further education and training colleges for their operational expenditure. This is done by means of a college subsidy transferred directly to colleges by the department and a further education and training colleges conditional grant to provinces. In 2013/14, 9 further education and training colleges successfully established relationships with higher education institutions to offer programmes at levels 5 and 6 of the national qualifications framework. In addition, training sessions on improving financial management and the strategic and operational planning of further education and training colleges took place for management and support staff. This subprogramme had a staff complement of 38 in 2013/14.
- *Programmes and Qualifications* develops and maintains vocational education and training programmes, provides for implementing the student support services framework, provides leadership and support for training and developing lecturers, and supports the education of post-school adults pursuing general education and training certificates and the national senior certificate qualifications. Key ongoing outputs and

activities include developing national assessment instruments for recognised programmes offered at further education and training colleges, evaluating such programmes, as well as monitoring assessment processes conducted by further education and training colleges and adult education and training centres. In 2012/13, 201 student support services managers and regional offices officials were trained in the implementation of the student support service framework at a cost of R1.1 million, and 708 lecturers were trained to support curriculum delivery at a cost of R2.9 million. In 2013/14, the training of adult education and training practitioners and further education and training lecturers on curriculum delivery and assessment of teaching and learning support took place, at a cost of R1.7 million. This subprogramme had a staff complement of 26 in 2013/14.

- *National Examination and Assessment* is discussed in more detail below.

## Expenditure estimates

**Table 17.11 Vocational and Continuing Education and Training**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Programme Management: Vocational and Continuing Education and Training	0.3	1.3	4.7	6.6	167.9%	0.1%	6.4	6.9	7.2	3.1%	0.1%
Planning and Institutional Support	3 818.8	4 390.8	4 862.2	5 486.2	12.8%	96.6%	5 845.9	6 199.4	6 534.3	6.0%	96.7%
Programmes and Qualifications	11.5	12.9	14.9	13.6	5.7%	0.3%	15.7	16.6	17.7	9.3%	0.3%
National Examination and Assessment	112.3	135.9	164.1	184.6	18.0%	3.1%	174.2	178.9	189.1	0.8%	2.9%
<b>Total</b>	<b>3 942.9</b>	<b>4 540.8</b>	<b>5 045.9</b>	<b>5 691.0</b>	<b>13.0%</b>	<b>100.0%</b>	<b>6 042.2</b>	<b>6 401.9</b>	<b>6 748.3</b>	<b>5.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				26.6			29.7	59.5	67.8		
<b>Economic classification</b>											
<b>Current payments</b>	<b>138.5</b>	<b>165.0</b>	<b>200.1</b>	<b>222.8</b>	<b>17.2%</b>	<b>3.8%</b>	<b>214.4</b>	<b>221.8</b>	<b>234.6</b>	<b>1.7%</b>	<b>3.6%</b>
Compensation of employees	96.5	116.0	147.2	153.0	16.6%	2.7%	157.7	164.4	174.2	4.4%	2.6%
Goods and services	42.1	49.0	53.0	69.8	18.4%	1.1%	56.6	57.3	60.4	-4.7%	1.0%
<i>of which:</i>											
Computer services	9.1	14.4	11.3	24.2	38.2%	0.3%	10.1	10.2	10.7	-23.9%	0.2%
Consumable: Stationery, printing and office supplies	9.0	10.1	15.0	9.0	-	0.2%	5.5	5.5	5.8	-13.4%	0.1%
Property payments	0.2	0.0	0.0	0.0	-61.5%	-	0.0	0.0	0.0	10.1%	-
Travel and subsistence	13.0	13.1	15.9	23.2	21.3%	0.3%	26.8	27.2	28.7	7.3%	0.4%
<b>Transfers and subsidies</b>	<b>3 804.0</b>	<b>4 375.4</b>	<b>4 845.1</b>	<b>5 467.4</b>	<b>12.9%</b>	<b>96.2%</b>	<b>5 827.2</b>	<b>6 179.6</b>	<b>6 513.1</b>	<b>6.0%</b>	<b>96.4%</b>
Provinces and municipalities	3 804.0	4 375.3	4 844.6	2 454.2	-13.6%	80.5%	2 631.3	2 818.6	2 974.0	6.6%	43.7%
Non-profit institutions	-	-	-	3 013.2	-	15.7%	3 195.8	3 361.0	3 539.1	5.5%	52.7%
Households	0.0	0.1	0.5	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.4</b>	<b>0.7</b>	<b>0.8</b>	<b>30.2%</b>	<b>-</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>-12.3%</b>	<b>-</b>
Machinery and equipment	0.4	0.4	0.7	0.8	30.2%	-	0.6	0.6	0.6	-12.3%	-
<b>Total</b>	<b>3 942.9</b>	<b>4 540.8</b>	<b>5 045.9</b>	<b>5 691.0</b>	<b>13.0%</b>	<b>100.0%</b>	<b>6 042.2</b>	<b>6 401.9</b>	<b>6 748.3</b>	<b>5.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>16.6%</b>	<b>16.1%</b>	<b>16.0%</b>	<b>16.6%</b>			<b>16.4%</b>	<b>16.1%</b>	<b>16.2%</b>		

### Details of selected transfers and subsidies

<b>Non-profit institutions</b>											
<b>Current</b>	-	-	-	3 013.2	-	15.7%	3 195.8	3 361.0	3 539.1	5.5%	52.7%
Further education and training colleges	-	-	-	3 013.2	-	15.7%	3 195.8	3 361.0	3 539.1	5.5%	52.7%
<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Current</b>	3 804.0	4 375.3	4 844.6	2 454.2	-13.6%	80.5%	2 631.3	2 818.6	2 974.0	6.6%	43.7%
Further education and training colleges grant	3 804.0	4 375.3	4 844.6	2 454.2	-13.6%	80.5%	2 631.3	2 818.6	2 974.0	6.6%	43.7%

## Personnel information

Table 17.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Vocational and Continuing Education and Training																			
Salary level	195	23	177	147.2	0.8	223	159.1	0.7	230	157.7	0.7	230	164.4	0.7	230	174.2	0.8	1.0%	100.0%
1 – 6	71	23	69	8.1	0.1	101	11.0	0.1	106	12.2	0.1	106	12.8	0.1	106	13.4	0.1	1.6%	45.9%
7 – 10	78	–	70	15.9	0.2	77	18.0	0.2	78	19.1	0.2	78	20.1	0.3	78	21.2	0.3	0.4%	34.1%
11 – 12	31	–	26	14.2	0.5	30	17.4	0.6	31	19.0	0.6	31	20.0	0.6	31	21.0	0.7	1.1%	13.5%
13 – 16	15	–	12	9.8	0.8	15	12.7	0.8	15	13.4	0.9	15	14.1	0.9	15	14.9	1.0	–	6.6%
Other	–	–	–	99.2	–	–	99.9	–	–	94.1	–	–	97.4	–	–	103.7	–	–	–

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on making transfers to further education and training colleges, either in the form of the further education and training colleges' conditional grant via provinces, or the college subsidies grant, which was introduced in 2013/14 as a direct contribution to the colleges for their operations. The projected growth in expenditure of the subsidies and grants over the medium term is to allow enrolment in further education and training colleges to increase from 345 566 in 2010/11 to an estimated 500 000 in 2016/17.

The number of personnel in this programme is expected to increase from 177 posts in 2012/13 to 230 in 2014/15, and will remain at this level over the medium term. This increase is mainly due to the filling of posts to facilitate the shifting of the further education and training colleges and adult education and training functions from provincial education departments to the national department.

## Subprogramme: National Examination and Assessment

This subprogramme administers and manages the conduct of national assessment in the further education and training college and adult education and training sector. Key ongoing outputs and activities include national assessment instruments, appointing examination panels and setting, printing and delivering question papers and site based assessment tasks to nationally accredited examination centres for further education and training colleges, and adult education and training centres. Question papers are provided for the 9 examination cycles in an academic year. In 2013/14, a review of learner performance, including a reflection on the challenges raised by the 2012 Umalusi report on the general education and training certificate, was also conducted. Examination centres were monitored during examination writing and marking processes for all the examination cycles. In 2013/14, R131.5 million will be spent on these examination processes. Over the medium term, the focus will continue to be on increasing the certification rates of students in vocational programmes and the delivery of credible examinations, at a projected cost of R417.3 million. This subprogramme had a staff complement of 139 in 2013/14.

## Expenditure estimates

**Table 17.13 National Examination and Assessment**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Current payments</b>	<b>112.2</b>	<b>135.4</b>	<b>163.3</b>	<b>183.9</b>	<b>17.9%</b>	<b>99.7%</b>	<b>173.7</b>	<b>178.5</b>	<b>188.6</b>	<b>0.8%</b>	<b>99.7%</b>
Compensation of employees	73.3	90.5	116.7	116.9	16.8%	66.6%	120.0	124.2	131.5	4.0%	67.8%
Goods and services	38.9	45.0	46.6	67.0	19.9%	33.1%	53.7	54.3	57.1	-5.2%	31.9%
of which:											
Computer services	9.1	14.4	11.3	24.2	38.2%	9.9%	10.1	10.2	10.7	-23.9%	7.6%
Consumable: Stationery, printing and office supplies	8.6	10.0	14.7	8.7	0.5%	7.0%	5.3	5.3	5.6	-13.6%	3.4%
Property payments	0.1	-	-	-	-100.0%	-	-	-	-	-	-
Travel and subsistence	11.1	10.2	11.8	21.5	24.5%	9.1%	24.8	25.2	26.6	7.4%	13.5%
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.1</b>	<b>0.4</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Households	0.0	0.1	0.4	-	-100.0%	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.4</b>	<b>0.3</b>	<b>0.7</b>	<b>136.6%</b>	<b>0.2%</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>-13.1%</b>	<b>0.3%</b>
Machinery and equipment	0.1	0.4	0.3	0.7	136.6%	0.2%	0.4	0.4	0.4	-13.1%	0.3%
<b>Total</b>	<b>112.3</b>	<b>135.9</b>	<b>164.1</b>	<b>184.6</b>	<b>18.0%</b>	<b>100.0%</b>	<b>174.2</b>	<b>178.9</b>	<b>189.1</b>	<b>0.8%</b>	<b>100.0%</b>
Proportion of total subprogramme expenditure to programme expenditure	2.8%	3.0%	3.3%	3.2%			2.9%	2.8%	2.8%		

## Expenditure trends

The spending focus over the medium term will be on the examination and assessment function to address the increased volume of question papers and tasks to be set as well as the increased number of scripts to be marked in line with the increased enrolment expected. The main items affected by the increased volume of work include travel and subsistence of moderators and markers, computer services, and stationery and printing, all of which will increase over the medium term. The increased enrolment between 2010/11 and 2013/14 similarly affected expenditure in those years. A projected 63.6 per cent of the total allocation for compensation of employees in 2013/14 in this subprogramme relates to the remuneration of examiners and moderators, who are not part of the department's establishment.

The increase in personnel numbers from 111 in 2012/13 to 139 in 2012/13 is mainly to provide for the increased administration and oversight responsibilities of the examination and assessment function in the further education and training college and adult education and training sectors. This increase in personnel as well as the increased volume of question papers to be set, moderated and marked, accounts for the growth in expenditure on compensation of employees over the medium term as well as in the period between 2010/11 and 2013/14.

## Programme 5: Skills Development

### Objectives

- Promote quality learning at work and for work by:
  - ensuring that the number of new artisan learners registered for training increases from 21 849 in 2012/13 to 29 000 in 2016/17
  - increasing the number of competent artisans entering the labour market from 8 655 in 2012/13 to 15 000 in 2016/17
  - facilitating professional placements, work integrated learning, apprenticeships, learnerships and internships on an ongoing basis.
- Promote the alignment of skills development outputs with the needs of the workplace and the broader growth needs of the country's economy by approving the strategic plans of the sector education and training authorities, and ensuring that they are in line with the sector skills plans over the MTEF period.

## Subprogrammes

- *Programme Management: Skills Development* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 4 in 2013/14.
- *SETA Coordination* is discussed in more detail below.
- *National Skills Development Services* manages projects identified in the national skills development strategy, and advises the minister on national skills development policy and strategy. Over the medium term, a key ongoing activity will be monitoring the implementation of the third national skills development strategy, which charts the way forward for skills development, at a projected cost of R7.2 million. Key activities in this subprogramme in 2013/14 were the hosting of the national skills conference, which was funded through the National Skills Fund at a cost of R5.8 million and the management of the National Skills Authority secretariat at a cost of R4.5 million. This subprogramme had a staff complement of 12 in 2013/14.
- *Quality Development and Promotion* transfers funds to the Quality Council for Trades and Occupations as a contribution to the council's operations. This subprogramme's total budget is transferred to the council.

## Expenditure estimates

**Table 17.14 Skills Development**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Programme Management: Skills Development	2.7	4.3	2.0	2.1	-7.9%	2.4%	3.0	3.2	3.5	18.7%	2.6%
SETA Coordination	68.3	65.4	65.0	73.3	2.4%	60.2%	75.2	79.5	84.9	5.0%	68.5%
National Skills Development Services	58.8	25.5	5.9	7.9	-48.8%	21.7%	9.2	9.6	10.3	9.2%	8.1%
Quality Development and Promotion	1.6	26.9	20.4	21.7	137.2%	15.6%	23.2	24.3	25.6	5.6%	20.8%
<b>Total</b>	<b>131.4</b>	<b>122.0</b>	<b>93.3</b>	<b>105.1</b>	<b>-7.2%</b>	<b>100.0%</b>	<b>110.6</b>	<b>116.7</b>	<b>124.2</b>	<b>5.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(0.5)			(2.1)	(2.2)	(1.8)		

### Economic classification

<b>Current payments</b>	<b>79.1</b>	<b>74.7</b>	<b>71.8</b>	<b>82.0</b>	<b>1.2%</b>	<b>68.1%</b>	<b>86.7</b>	<b>91.3</b>	<b>97.1</b>	<b>5.8%</b>	<b>78.2%</b>
Compensation of employees	65.1	63.2	61.3	69.3	2.1%	57.3%	73.2	77.7	83.1	6.3%	66.4%
Goods and services	14.1	11.5	10.6	12.8	-3.2%	10.8%	13.5	13.6	14.0	3.0%	11.8%
of which:											
Computer services	0.3	0.0	0.0	-	-100.0%	0.1%	-	-	-	-	-
Consumable: Stationery, printing and office supplies	0.9	1.3	0.6	3.2	51.6%	1.3%	2.6	4.7	4.7	13.8%	3.3%
Property payments	0.6	0.1	1.0	0.5	-4.0%	0.5%	0.3	0.3	0.3	-17.2%	0.3%
Travel and subsistence	2.9	3.2	3.2	2.6	-3.0%	2.6%	2.6	2.7	2.9	3.8%	2.4%
<b>Transfers and subsidies</b>	<b>51.8</b>	<b>46.9</b>	<b>20.9</b>	<b>21.7</b>	<b>-25.1%</b>	<b>31.3%</b>	<b>23.2</b>	<b>24.3</b>	<b>25.6</b>	<b>5.6%</b>	<b>20.8%</b>
Departmental agencies and accounts	51.7	46.8	20.4	21.7	-25.1%	31.1%	23.2	24.3	25.6	5.6%	20.8%
Households	0.1	0.0	0.5	-	-100.0%	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>1.3</b>	<b>51.3%</b>	<b>0.6%</b>	<b>0.7</b>	<b>1.0</b>	<b>1.5</b>	<b>5.5%</b>	<b>1.0%</b>
Machinery and equipment	0.4	0.4	0.5	1.3	51.3%	0.6%	0.7	1.0	1.5	5.5%	1.0%
<b>Total</b>	<b>131.4</b>	<b>122.0</b>	<b>93.3</b>	<b>105.1</b>	<b>-7.2%</b>	<b>100.0%</b>	<b>110.6</b>	<b>116.7</b>	<b>124.2</b>	<b>5.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.6%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.3%</b>			<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>		

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>51.7</b>	<b>46.8</b>	<b>20.4</b>	<b>21.7</b>	<b>-25.1%</b>	<b>31.1%</b>	<b>23.2</b>	<b>24.3</b>	<b>25.6</b>	<b>5.6%</b>	<b>20.8%</b>
National Skills Fund	51.7	19.9	-	-	-100.0%	15.9%	-	-	-	-	-
Quality Council for Trades and Occupations	-	26.9	20.4	21.7	-	15.3%	23.2	24.3	25.6	5.6%	20.8%

## Personnel information

**Table 17.15 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Skills Development</b>																			
Salary level	253	8	242	61.3	0.3	257	67.9	0.3	270	73.2	0.3	270	77.7	0.3	270	83.1	0.3	1.7%	100.0%
1 – 6	142	8	149	13.2	0.1	150	14.4	0.1	150	15.1	0.1	150	15.8	0.1	150	16.6	0.1	–	56.2%
7 – 10	85	–	75	18.2	0.2	84	21.3	0.3	94	24.9	0.3	94	26.2	0.3	94	27.6	0.3	3.8%	34.3%
11 – 12	19	–	11	6.1	0.6	15	8.6	0.6	19	11.3	0.6	19	11.9	0.6	19	12.5	0.7	8.2%	6.7%
13 – 16	7	–	7	5.6	0.8	8	7.0	0.9	7	6.6	0.9	7	6.9	1.0	7	7.3	1.0	-4.4%	2.7%
Other	–	–	–	18.2	–	–	16.6	–	–	15.3	–	–	16.8	–	–	19.1	–	–	–

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

2. Rand million.

## Expenditure trends

Excluding the *SETA Coordination* subprogramme, which is discussed in more detail below, the bulk of this programme's expenditure over the medium term is on the transfer to the Quality Council for Trades and Occupations to provide for the entity's operational costs. The entity was established on 1 April 2010 which resulted in the increase in spending between 2010/11 and 2011/12 in the *Quality Development and Promotion* subprogramme, which makes the transfer, provided for the costs incurred to build the entity up to operational capacity.

Between 2010/11 and 2012/13, expenditure decreased mainly because of the cessation of the department's contribution to the National Skills Fund in the *National Skills Development Services* subprogramme as from 2012/13. These funds have been reprioritised to allow the department to fill critical vacant posts, mainly in the *Administration* programme.

The fluctuation in the transfer to the Quality Council for Trades and Occupations between 2010/11 and 2013/14 is because the 2010/11 allocation for the council was carried over to 2011/12, due to a delay in establishing the council in 2010/11 as initially planned. The council's allocation increases by inflation thereafter.

The number of personnel in this programme is expected to increase from 242 posts in 2012/13 to 270 posts in 2016/17, including a provision for 8 interns. This increase is mainly due to the filling of critical vacant positions that resulted from the establishment of the department in 2010. Over the medium term, the growth in expenditure on compensation of employees is mainly to fund the growth in personnel numbers. There were 6 vacant funded posts as at 30 November 2013, mainly as a result of attrition and a failure to attract specialised candidates. These vacancies are in the process of being filled.

## Subprogramme: SETA Coordination

This subprogramme supports, monitors and reports on the implementation of the national skills development strategy at the sectoral level by establishing and managing the performance of service level agreements with sector education and training authorities and conducting trade tests at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments. In 2013/14, 5 709 tests were conducted at a cost of R38 million. In August 2012, the first ever fully comprehensive definition and list of artisan trade occupations was published. The national artisan moderation body started to take over the accreditation, workplace approval and certificate management process from the sector education and training authorities for all artisan trades in October 2013. The moderation body also issued the first ever set of draft national trade testing regulations that, once implemented in 2014/15, will ensure a single national standardised trade testing system across all public and private accredited trade test centres. This subprogramme had a staff complement of 235 in 2013/14.

## Expenditure estimates

**Table 17.16 SETA Coordination**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million	68.0	64.9	64.0	72.2	2.0%	98.9%	74.6	78.5	83.4	4.9%	42.5%
<b>Current payments</b>	<b>68.0</b>	<b>64.9</b>	<b>64.0</b>	<b>72.2</b>	<b>2.0%</b>	<b>98.9%</b>	<b>74.6</b>	<b>78.5</b>	<b>83.4</b>	<b>4.9%</b>	<b>42.5%</b>
Compensation of employees	58.5	56.0	55.7	62.1	2.0%	85.3%	63.7	67.5	72.3	5.2%	36.5%
Goods and services	9.5	9.0	8.4	10.1	2.2%	13.6%	10.9	11.0	11.1	3.2%	5.9%
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.0</b>	<b>0.5</b>	<b>-</b>	<b>-100.0%</b>	<b>0.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Households	0.1	0.0	0.5	-	-100.0%	0.2%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.4</b>	<b>0.4</b>	<b>1.2</b>	<b>67.1%</b>	<b>0.8%</b>	<b>0.7</b>	<b>1.0</b>	<b>1.4</b>	<b>7.2%</b>	<b>0.6%</b>
Machinery and equipment	0.2	0.4	0.4	1.2	67.1%	0.8%	0.7	1.0	1.4	7.2%	0.6%
<b>Total</b>	<b>68.3</b>	<b>65.4</b>	<b>65.0</b>	<b>73.3</b>	<b>2.4%</b>	<b>100.0%</b>	<b>75.2</b>	<b>79.5</b>	<b>84.9</b>	<b>5.0%</b>	<b>43.1%</b>
Proportion of total subprogramme expenditure to programme expenditure	52.0%	53.6%	69.7%	69.8%			68.0%	68.1%	68.3%		

## Personnel information

**Table 17.17 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
<b>SETA Coordination</b>			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	260	10	210	55.7	0.3	235	60.8	0.3	244	63.7	0.3	258	67.5	0.3	266	72.3	0.3	4.2%	100.0%
1 - 6	149	10	130	11.9	0.1	142	13.7	0.1	149	15.0	0.1	154	16.0	0.1	159	17.3	0.1	3.8%	60.2%
7 - 10	88	-	68	16.4	0.2	77	19.8	0.3	78	21.2	0.3	85	24.0	0.3	88	26.2	0.3	4.6%	32.7%
11 - 12	17	-	9	4.9	0.5	11	6.3	0.6	12	7.2	0.6	13	8.2	0.6	13	8.6	0.7	5.7%	4.9%
13 - 16	6	-	3	0.8	0.3	5	1.6	0.3	5	1.7	0.3	6	2.6	0.4	6	2.7	0.5	6.3%	2.2%
Other	-	-	-	21.7	-	-	19.5	-	-	18.7	-	-	16.7	-	-	17.3	-	-	-

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on supporting the implementation of the national skills development strategy at the sectoral level by establishing and managing the performance of service level agreements with the sector education and training authorities, and conducting trade tests at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments. The increase in expenditure over the MTEF period, mainly on assets less than the capitalisation threshold for goods required to conduct these tests, will allow for an increase in the number of trade tests conducted at the institute, thereby allowing for the number of artisans found competent in trade tests to increase to 15 000 by 2016/17.

The number of personnel in this subprogramme is expected to increase from 235 in 2013/14 to 266 in 2016/17, including a provision for 10 interns. This increase is due to additional funding for the department to establish full functionality. Over the medium term, the growth in expenditure on compensation of employees is mainly to fund the growth in personnel numbers as the national artisan moderation body becomes fully operational.

## Public entities and other agencies

### National Skills Fund

#### Mandate and goals

The National Skills Fund was established in 1999 in terms of the Skills Development Act (1998). The fund focuses on national priority projects identified in the national skills development strategy and projects related to

the achievement of the purpose of the act, as determined by the director general of the Department of Higher Education and Training.

The fund's strategic goals over the medium term are to:

- support South Africa's human resource development strategy by funding programmes that advance this strategy formulated by the Human Resource Development Council
- promote growth of a public further education and training college system that is responsive to sector, local, regional and national skills needs and priorities
- support the implementation of the third national skills development strategy, and by extension the new growth path and the industrial policy action plan, by directing funding towards programmes that promote the objectives of these strategies
- increase opportunities for the provision of skills development by providing financial support for the development of a skills development infrastructure.

## Selected performance indicators

**Table 17.18 National Skills Fund**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage of grants disbursed versus grant income received	Grant disbursement	Outcome 5: A skilled and capable workforce to support an inclusive growth path	33%	65%	100%	100%	90%	90%	90%
Number of learners funded for training each year	Grant disbursement		-1	37 793	95 554	70 000	70 000	70 000	70 000

1. This indicator is new, relating to the third national skills development strategy; hence they have no actual outcomes for 2010/11.

## Programmes/activities/objectives

**Table 17.19 National Skills Fund**

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	68.8	82.7	84.8	207.6	44.5%	5.8%	217.5	227.3	238.3	4.7%	5.0%
Grant disbursement	564.4	1 304.9	2 579.5	6 711.3	128.3%	94.2%	4 380.8	4 259.3	2 991.9	-23.6%	95.0%
<b>Total expense</b>	<b>633.2</b>	<b>1 387.6</b>	<b>2 664.3</b>	<b>6 919.0</b>	<b>121.9%</b>	<b>100.0%</b>	<b>4 598.3</b>	<b>4 486.6</b>	<b>3 230.3</b>	<b>-22.4%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 17.20 National Skills Fund**

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Revenue</b>											
Non-tax revenue	379.5	409.6	389.5	399.0	1.7%	15.8%	419.5	439.8	282.7	-10.8%	11.2%
Other non-tax revenue	379.5	409.6	389.5	399.0	1.7%	15.8%	419.5	439.8	282.7	-10.8%	11.2%
Transfers received	1 736.3	2 041.5	2 309.4	2 459.4	12.3%	84.2%	3 247.9	3 385.7	3 227.2	9.5%	88.8%
<b>Total revenue</b>	<b>2 115.7</b>	<b>2 451.1</b>	<b>2 698.9</b>	<b>2 858.4</b>	<b>10.5%</b>	<b>100.0%</b>	<b>3 667.4</b>	<b>3 825.5</b>	<b>3 510.0</b>	<b>7.1%</b>	<b>100.0%</b>
<b>Expenses</b>											
Current expenses	19.7	34.3	36.2	116.0	80.5%	2.2%	110.5	116.6	108.9	-2.1%	2.5%
Compensation of employees	12.9	14.1	17.7	50.5	57.6%	1.1%	53.2	55.8	58.3	4.9%	1.2%
Goods and services	6.8	20.3	18.4	65.5	112.5%	1.0%	57.3	60.9	50.5	-8.3%	1.3%
Transfers and subsidies	613.5	1 353.3	2 628.2	6 803.0	123.0%	97.8%	4 487.8	4 370.0	3 121.4	-22.9%	97.5%
<b>Total expenses</b>	<b>633.2</b>	<b>1 387.6</b>	<b>2 664.3</b>	<b>6 919.0</b>	<b>121.9%</b>	<b>100.0%</b>	<b>4 598.3</b>	<b>4 486.6</b>	<b>3 230.3</b>	<b>-22.4%</b>	<b>100.0%</b>
Surplus/(Deficit)	1 483.0	1 063.0	35.0	(4 061.0)	-239.9%		(931.0)	(661.0)	280.0	-141.0%	

## Personnel information

**Table 17.21 National Skills Fund**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost
Salary level	138	138	58	17 732	305.7	59	50 494	855.8	137	53 170	388.1	137	55 776	407.1	137	58 341	425.8	4.9%	100.0%
1 – 6	3	3	9	1 116	124.0	8	1 834	229.3	2	285	142.5	2	300	150.0	2	313	156.5	-44.5%	4.5%
7 – 10	57	57	20	4 270	213.5	19	6 399	336.8	57	12 622	221.4	57	13 238	232.2	57	13 849	243.0	29.4%	39.3%
11 – 12	53	53	8	4 495	561.9	8	17 705	2 213.1	53	20 688	390.3	53	21 703	409.5	53	22 701	428.3	8.6%	32.4%
13 – 16	25	25	21	7 851	373.9	24	24 556	1 023.2	25	19 575	783.0	25	20 535	821.4	25	21 478	859.1	-4.4%	23.9%

1. Rand thousand.

## Expenditure trends

Revenue for the National Skills Fund is mainly derived from the skills development levy collected by the South African Revenue Service and transferred to the fund as direct charges against revenue.

The fund has increased its disbursements since the implementation of the third national skills development strategy in 2011/12. These disbursements are reflected under the grant disbursement programme as transfers and subsidies. The fund disbursed R2.6 billion in 2012/13, including R1.2 billion for bursaries at further education and training colleges, R265 million for projects related to the new growth path and R43 million for projects linked to the industrial policy action plan. The fund plans to continue with the use of its reserves to fund priority areas, and it is therefore expected that these reserves will decline over the medium term. As a result, the fund expects to make disbursements in excess of R6.7 billion in 2013/14 to continue funding the projects outlined above, to fund infrastructure projects that will develop 12 new further education and training college campuses, and to provide bursaries for study in scarce skills areas at universities. While disbursements will continue to be made for multi-year commitments such as bursaries, overall grant disbursements for projects are expected to decrease from R6.7 billion in 2013/14 to R3 billion in 2016/17, since the third national skills development strategy is expected to come to an end in 2015/16.

Between 2010/11 and 2013/14, the increased spending on compensation of employees was mainly due to new appointments made with the establishment of provincial offices in 2012 to broaden the fund's presence across South Africa, as well as to provide the required capacity for the fund to become a fully independent public entity. This also accounts for the related increases in goods and services. There were 59 filled posts at the fund at the end of November 2013. The fund's staff establishment is expected to increase to 137 employees over the medium term so that the requisite support structures to establish the fund as a schedule 3A public entity can be put in place, and the additional capacity required to monitor and evaluate the increased number of projects being funded can be established. This increase in personnel also accounts for the increased expenditure on compensation of employees over the medium term.

## National Student Financial Aid Scheme

### Mandate and goals

The National Student Financial Aid Scheme, established in terms of the National Student Financial Aid Scheme Act (1999), is responsible for administering and allocating loans and bursaries to eligible students, developing criteria and conditions for granting loans and bursaries in consultation with the minister, raising funds, recovering loans, maintaining and analysing a database, and undertaking research for the better use of financial resources. The scheme also advises the minister on student financial aid in general, and performs other functions assigned to it by the minister.

The organisation's strategic goals over the medium term are to:

- provide funding to eligible students
- maximise recoveries and increase the funds available for loans and bursaries
- implement the approved centralised financial aid systems and the new student centred operating model.

## Selected performance indicators

**Table 17.22 National Student Financial Aid Scheme**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of students assisted in higher education per year	Student centred financial aid	Outcome 5: A skilled and capable workforce to support an inclusive growth path	148 387	216 874	194 504	204 229	214 440	225 162	236 420
Funds recovered from previous loan recipients per year (R thousand)	Administration		542 097	538 779	539 507	600 000	467 000	514 000	565 000
Total number of further education and training bursary recipients	Student centred financial aid		61 703	114 968	188 182	197 591	262 287	278 024	291 925

## Programmes/activities/objectives

**Table 17.23 National Student Financial Aid Scheme**

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
R million											
Administration	32.3	36.8	89.2	153.2	68.0%	1.3%	100.6	126.4	158.0	1.0%	1.9%
Student centered financial aid	3 063.4	4 767.9	6 643.2	6 608.4	29.2%	98.7%	6 955.2	7 292.9	7 656.4	5.0%	98.1%
<b>Total expense</b>	<b>3 095.7</b>	<b>4 804.6</b>	<b>6 732.4</b>	<b>6 761.6</b>	<b>29.7%</b>	<b>100.0%</b>	<b>7 055.7</b>	<b>7 419.3</b>	<b>7 814.5</b>	<b>4.9%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 17.24 National Student Financial Aid Scheme**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>575.2</b>	<b>355.1</b>	<b>768.2</b>	<b>-</b>	<b>-100.0%</b>	<b>8.1%</b>	<b>27.6</b>	<b>28.0</b>	<b>35.7</b>	<b>-</b>	<b>0.2%</b>
Sale of goods and services other than capital assets	-	2.5	17.3	-	-	0.1%	27.6	28.0	35.7	-	0.2%
<i>of which:</i>											
Administrative fees	-	2.5	17.3	-	-	0.1%	27.6	28.0	35.7	-	0.2%
Other non-tax revenue	575.2	352.5	750.9	-	-100.0%	8.0%	-	-	-	-	-
<b>Transfers received</b>	<b>2 857.5</b>	<b>5 359.6</b>	<b>7 337.2</b>	<b>8 024.3</b>	<b>41.1%</b>	<b>91.9%</b>	<b>13 435.1</b>	<b>14 113.1</b>	<b>14 871.9</b>	<b>22.8%</b>	<b>99.8%</b>
<b>Total revenue</b>	<b>3 432.7</b>	<b>5 714.6</b>	<b>8 105.5</b>	<b>8 024.3</b>	<b>32.7%</b>	<b>100.0%</b>	<b>13 462.7</b>	<b>14 141.1</b>	<b>14 907.5</b>	<b>22.9%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>1 249.8</b>	<b>1 181.7</b>	<b>1 805.9</b>	<b>188.6</b>	<b>-46.8%</b>	<b>23.6%</b>	<b>143.8</b>	<b>176.9</b>	<b>212.8</b>	<b>4.1%</b>	<b>2.5%</b>
Compensation of employees	23.8	28.7	38.9	66.0	40.4%	0.7%	84.6	103.0	109.2	18.3%	1.2%
Goods and services	1 224.7	1 147.0	1 751.4	116.8	-54.3%	22.8%	52.1	69.8	99.2	-5.3%	1.2%
Depreciation	1.3	6.0	15.6	5.9	66.5%	0.1%	7.1	4.1	4.3	-9.7%	0.1%
<b>Transfers and subsidies</b>	<b>1 846.0</b>	<b>3 623.0</b>	<b>4 926.5</b>	<b>6 572.9</b>	<b>52.7%</b>	<b>76.4%</b>	<b>6 911.9</b>	<b>7 242.4</b>	<b>7 601.7</b>	<b>5.0%</b>	<b>97.5%</b>
<b>Total expenses</b>	<b>3 095.7</b>	<b>4 804.6</b>	<b>6 732.4</b>	<b>6 761.6</b>	<b>29.7%</b>	<b>100.0%</b>	<b>7 055.7</b>	<b>7 419.3</b>	<b>7 814.5</b>	<b>4.9%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>337.0</b>	<b>910.0</b>	<b>1 373.0</b>	<b>1 263.0</b>	<b>55.3%</b>		<b>6 407.0</b>	<b>6 722.0</b>	<b>7 093.0</b>	<b>77.7%</b>	

## Personnel information

Table 17.25 National Student Financial Aid Scheme

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	186	186	160	38.9	0.2	186	66.0	0.4	301	84.6	0.3	318	103.0	0.3	318	109.2	0.3	18.3%	100.0%
1 – 6	24	24	50	5.8	0.1	24	1.8	0.1	43	4.0	0.1	43	4.2	0.1	43	4.5	0.1	34.6%	13.6%
7 – 10	114	114	74	15.1	0.2	115	17.4	0.2	213	42.2	0.2	216	45.1	0.2	216	47.8	0.2	40.2%	67.1%
11 – 12	41	41	29	11.4	0.4	41	31.5	0.8	37	28.2	0.8	47	36.1	0.8	47	38.3	0.8	6.7%	16.0%
13 – 16	7	7	7	6.6	0.9	6	15.3	2.5	8	10.2	1.3	12	17.6	1.5	12	18.7	1.6	7.0%	3.4%

1. Rand million.

## Expenditure trends

The National Student Financial Aid Scheme generates revenue mainly from transfers received from the Department of Higher Education and Training. It also receives funds from the Department of Basic Education for the Funza Lushaka bursaries for prospective teachers, from the Department of Social Development for bursaries for prospective social workers, and from the National Skills Fund and selected sector and education training authorities. Over the medium term, the projected rise in revenue will increase the number of students in universities that the scheme is able to assist, from 194 504 in 2012/13 to a projected figure of 236 420 in 2016/17, and will increase the number of further education and training college bursary recipients each year from 188 182 in 2012/13 to 291 925 in 2016/17.

The spending focus over the medium term will continue to be on the provision of loans and bursaries to disadvantaged students at higher education institutions and further education and training colleges, which is reflected under transfers and subsidies. The establishment of the central applications process in 2013/14 requires once-off expenditure on the development and testing of an integrated system to accommodate the central application and administration of loans and bursaries, which accounts for the higher goods and services expenditure in 2013/14. This system will be piloted in 2014/15 and implemented across all universities over the medium term. The high goods and services expenditure in prior years is due to the inclusion of a portion of loans provided as goods and services, as prescribed by the auditor-general at the time. This approach has been revised and all loans and bursaries are now reflected under transfers and subsidies.

Expenditure on compensation of employees is expected to increase at an average annual rate of 18.3 per cent over the medium term as new posts are filled in the two outer years to phase in the new student centred operating model. The entity will increase both the number of operational staff and also the number and level of senior management to meet the increasing volume of loans and bursaries being granted annually, and therefore the resulting cumulative increase in total loans and bursaries (both by value and number) under the scheme's administration. This will see staff numbers increase from 160 in 2012/13 to 318 by 2016/17. Consultants are mainly used to cover senior finance and IT positions when these become vacant and only until the positions are filled.

## Sector education and training authorities

### Mandate and goals

The mandate for the sector education and training authorities is derived from the Skills Development Act (1998). This includes the implementation of national, sector and workplace strategies to develop and improve the skills of the South African workforce; integrate those strategies within the national qualifications framework contemplated in the South African Qualifications Authority Act (2008); provide the learnerships that lead to recognised occupational qualifications; and fund skills development.

The strategic goals flow from the third national skills development strategy and include:

- establishing a credible institutional mechanism for skills planning

- increasing access to occupationally directed programmes
- promoting the growth of a public further education and training college system that is responsive to sector, local, regional and national skills needs and priorities
- addressing the low level of youth and adult language and numeracy skills to enable additional training
- encouraging better use of workplace based skills development
- encouraging and supporting cooperatives, small enterprises, worker initiated programmes, non-governmental organisations and community training initiatives
- increasing public sector capacity for improved service delivery, and supporting the building of a developmental state.

## Expenditure estimates

**Table 17.26 Sector education and training authorities**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>454.4</b>	<b>544.3</b>	<b>576.5</b>	<b>545.9</b>	6.3%	5.9%	<b>598.8</b>	<b>555.2</b>	<b>569.3</b>	1.4%	4.7%
Sale of goods and services other than capital assets	0.2	0.6	1.7	0.2	4.2%	0.0%	-	-	-	-100.0%	0.0%
of which:											
Administrative fees	-	-	0.2	0.2	-	0.0%	-	-	-	-100.0%	0.0%
Sales by market establishment	0.2	0.6	1.5	-	-100.0%	0.0%	-	-	-	-	-
Other non-tax revenue	454.3	543.7	574.8	545.7	6.3%	5.8%	598.8	555.2	569.3	1.4%	4.7%
<b>Transfers received</b>	<b>6 572.8</b>	<b>8 248.4</b>	<b>9 329.8</b>	<b>10 538.5</b>	<b>17.0%</b>	<b>94.1%</b>	<b>10 988.5</b>	<b>11 996.1</b>	<b>13 142.7</b>	<b>7.6%</b>	<b>95.7%</b>
<b>Total revenue</b>	<b>7 027.2</b>	<b>8 792.7</b>	<b>9 906.3</b>	<b>11 084.4</b>	<b>16.4%</b>	<b>100.0%</b>	<b>11 470.5</b>	<b>12 487.0</b>	<b>13 697.3</b>	<b>7.3%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>899.0</b>	<b>1 025.9</b>	<b>1 231.4</b>	<b>1 490.0</b>	<b>18.3%</b>	<b>14.3%</b>	<b>1 528.8</b>	<b>1 603.0</b>	<b>1 635.8</b>	<b>3.2%</b>	<b>18.0%</b>
Compensation of employees	483.8	546.5	629.3	744.5	15.5%	7.4%	764.3	801.4	817.8	3.2%	9.0%
Goods and services	373.5	432.0	551.3	695.6	23.0%	6.3%	711.4	744.2	766.1	3.3%	8.4%
Depreciation	40.9	47.2	50.5	48.9	6.2%	0.6%	52.8	57.2	51.7	1.9%	0.6%
Interest, dividends and rent on land	0.8	0.3	0.3	1.0	10.9%	0.0%	0.2	0.2	0.2	-43.4%	0.0%
<b>Transfers and subsidies</b>	<b>5 793.2</b>	<b>6 315.7</b>	<b>8 212.7</b>	<b>7 494.5</b>	<b>9.0%</b>	<b>85.7%</b>	<b>5 669.1</b>	<b>6 539.7</b>	<b>9 524.4</b>	<b>8.3%</b>	<b>82.0%</b>
<b>Total expenses</b>	<b>6 692.2</b>	<b>7 341.6</b>	<b>9 444.1</b>	<b>8 984.5</b>	<b>10.3%</b>	<b>100.0%</b>	<b>7 197.9</b>	<b>8 142.8</b>	<b>11 160.3</b>	<b>7.5%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>335.0</b>	<b>1 451.0</b>	<b>462.0</b>	<b>2 100.0</b>	<b>84.4%</b>		<b>4 273.0</b>	<b>4 344.0</b>	<b>2 537.0</b>	<b>6.5%</b>	

## Expenditure trends

The sector education and training authorities receive revenue from the skills development levy, which is collected by the South African Revenue Service and transferred to these entities as a direct charge. Other revenue is mainly from interest earned on investments.

The sector education and training authority grant regulations, which came into effect on 1 April 2013, prescribe that these authorities are allowed to spend 10.5 per cent of skills levy income on administration, 20 per cent on mandatory grants, and 49.5 per cent on discretionary grants.

Total expenditure reflects an increase over the medium term period as grant disbursements in support of the third national skills development strategy increase. The authorities' disbursements will focus on artisan apprenticeships, learnerships, internships and bursaries, as well as partnerships with further education and training colleges, universities, universities of technology, and the labour market to facilitate work integrated learning and graduate placements.

The increased expenditure on compensation of employees between 2010/11 and 2013/14 is mainly due to the establishment of offices in rural areas and at further education and training colleges as sector education and training authorities seek to improve access to their programmes. This expansion also accounts for the increased expenditure on goods and services in items like computer services and operating leases. Expenditure on these items grows more modestly over the medium term as the various sector authorities become more settled after the previous growth period.

A surplus of R2.1 billion is reflected for 2013/14 and is expected to increase to R2.5 billion by 2016/17.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Council on Higher Education** implements the higher education qualifications framework by generating and setting standards and other quality assurance functions, and monitors and evaluates the achievement of South African higher education policy goals and objectives. The council's total budget for 2014/15 is R48.1 million.
- The **Quality Council for Trades and Occupations** was established in terms of the Skills Development Act (1998) and became operational in 2010. The primary functions of the organisation are to design, develop and maintain occupational standards and qualifications, to submit them for registration on the national qualifications framework, and to ensure the quality of occupational standards and qualifications and learning in and for the workplace. The organisation's total budget for 2014/15 is R48.4 million.
- The **South African Qualifications Authority** ensures access, quality, redress and development for all learners through an integrated national framework of learning achievements. The organisation's total budget for 2014/15 is R84 million.

**Additional table: Summary of expenditure on infrastructure**

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2013/14	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Tertiary institutions infrastructure	Hostels, lecture halls, laboratories	Various	31 229.4	1 585.0	1 625.3	1 799.9	2 000.0	2 200.0	2 300.0	2 421.9
New universities in Mpumalanga and Northern Cape	Lecture halls, laboratories, hostels	Various	12 400.0	-	-	-	150.0	500.0	1 000.0	1 053.0
<b>Total</b>			<b>43 629.4</b>	<b>1 585.0</b>	<b>1 625.3</b>	<b>1 799.9</b>	<b>2 150.0</b>	<b>2 700.0</b>	<b>3 300.0</b>	<b>3 474.9</b>



# Vote 18

## Labour

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	787.7	756.5	0.2	31.0	829.9	956.8
Inspection and Enforcement Services	403.2	403.1	0.1	–	433.1	600.2
Public Employment Services	466.5	272.8	193.8	–	489.2	514.7
Labour Policy and Industrial Relations	869.9	121.5	748.3	0.0	926.2	976.4
<b>Total expenditure estimates</b>	<b>2 527.3</b>	<b>1 554.0</b>	<b>942.4</b>	<b>31.0</b>	<b>2 678.4</b>	<b>3 048.1</b>
Executive authority	Minister of Labour					
Accounting officer	Director General of Labour					
Website address	<a href="http://www.labour.gov.za">www.labour.gov.za</a>					

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

### Aim

*Play a significant role in reducing unemployment, poverty and inequality through pursuing the objectives of full and productive employment and decent work for all, including: employment creation and enterprise development; standards and rights at work including equality of opportunities; social protection; and social dialogue.*

### Mandate

The Department of Labour derives its legislative mandate from the Constitution which is given effect to through a number of acts which regulate labour matters in South Africa. The most important of these are the Labour Relations Act (1995), the Basic Conditions of Employment Act (1997), the Employment Equity Act (1998), and the Occupational Health and Safety Act (1993).

The policy mandate of the department is to regulate the labour market through policies and programmes developed in consultation with social partners, which are aimed at:

- improving economic efficiency and productivity
- facilitating employment creation
- promoting and enforcing sound labour relations
- eliminating inequality and discrimination in the workplace
- alleviating poverty in employment
- enhancing occupational health and safety awareness and compliance in the workplace
- attaining labour market flexibility to balance the competitiveness of enterprises with the promotion of decent employment.

### Strategic goals

Over the medium term, the Department of Labour will focus mainly on promoting decent employment through inclusive economic growth (outcome 4). To address these strategic priorities, the department will:

- implement the Decent Work country programme
- rebuild the public employment services programme for the effective facilitation of employment

- contribute to decent employment creation by helping to improve working conditions, health and safety, employment conditions and productivity in the workplace
- strengthen the labour inspectorate
- restructure sheltered employment factories
- implement the revised labour legislation that aims for labour market flexibility which balances enterprise competitiveness with decent employment
- strengthen the institutional capacity of the department to improve the quality of its service delivery and increase access to its services.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide management, strategic and administrative support services to the ministry and the department.

### Programme 2: Inspection and Enforcement Services

**Purpose:** Realise decent work by regulating non-employment and employment conditions through inspection and enforcement to achieve compliance with all labour market policies.

### Programme 3: Public Employment Services

**Purpose:** Provide assistance to companies and workers to adjust to changing labour market conditions and to regulate private employment agencies.

### Programme 4: Labour Policy and Industrial Relations

**Purpose:** Facilitate the establishment of an equitable and sound labour relations environment and the promotion of South Africa's interests in international labour matters through research, analysing and evaluating labour policy, and providing statistical data on the labour market and providing support to institutions that promote social dialogue.

## Selected performance indicators

**Table 18.1 Labour**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of work places inspected per year	Inspection and Enforcement Services	Outcome 4: Decent employment through inclusive economic growth	192 129	193 977	141 731	150 040	183 870	183 870	183 870
Number of complaints resolved within 14 days at registration services per year <sup>1</sup>	Inspection and Enforcement Services		116 131	110 610	73 786	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
Number of work seekers registered on the Employment Services of South Africa system per year	Public Employment Services		472 179	553 883	600 259	500 000	550 000	600 000	600 000
Percentage (and number) of work seekers registered on the system provided with employment counselling per year <sup>2</sup>	Public Employment Services		- <sup>2</sup>	40% (222 956)	59% (264 068)	50%	50%	50%	55%
Number of work seekers placed in registered employment opportunities per year	Public Employment Services		12 801	96 505 <sup>3</sup>	16 171	19 000	20 000	21 000	22 000
Number of existing sectoral determinations reviewed	Labour Policy and Industrial Relations		4	5	6	4	4	6	2

1. This indicator is dependent on the number of cases reported; hence data for a specific year is only available in the following year.

2. New indicator started in 2011/12.

3. Data for 2011/12 cannot be disaggregated. Includes work seekers referred to the Unemployment Insurance Fund and the Compensation Fund.

## The national development plan

The national development plan prioritises increased employment through economic growth; improved functioning of the labour market through reforms focusing on increasing labour absorption; and enhanced workplace dispute resolution to advance healthy labour relations. In line with the plan's goals of enhancing productivity and eliminating inequality, the department will continue to focus on facilitating increased employment and ensuring decent working conditions. Specifically, this entails widening access to employment; transforming protected employment factories into viable, sustainable businesses; providing citizens' access to work seeker services and employment counselling; enforcing equality and compliance with labour regulations in the workplace; and providing support to the Commission for Conciliation, Mediation and Arbitration to strengthen labour dispute resolution.

Through its employer and work seeker services, the *Public Employment Services* programme aims to contribute to an increase in employment to 11 million jobs by 2030, which is the national development plan's target.

Plans for the medium term are also in place for the implementation of employment schemes for the youth and other vulnerable groups, to facilitate access to employment, contribute to maintaining employment or provide opportunities for self-employment. The department also facilitates the employment of foreign labour with scarce skills, provided that employers will facilitate the transfer of such skills to locals to improve their employability.

## Expenditure estimates

**Table 18.2 Labour**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
Administration	682.5	704.3	687.7	840.4	840.4	7.2%	35.1%	787.7	829.9	956.8	4.4%	31.9%
Inspection and Enforcement Services	329.4	375.7	395.6	440.2	439.2	10.1%	18.5%	403.2	433.1	600.2	11.0%	17.5%
Public Employment Services	289.3	332.2	331.7	400.1	400.1	11.4%	16.3%	466.5	489.2	514.7	8.8%	17.5%
Labour Policy and Industrial Relations	525.2	594.9	619.7	764.5	765.4	13.4%	30.1%	869.9	926.2	976.4	8.5%	33.1%
<b>Total</b>	<b>1 826.3</b>	<b>2 007.1</b>	<b>2 034.6</b>	<b>2 445.2</b>	<b>2 445.2</b>	<b>10.2%</b>	<b>100.0%</b>	<b>2 527.3</b>	<b>2 678.4</b>	<b>3 048.1</b>	<b>7.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				30.0	30.0			(106.3)	(107.2)	100.0		
<b>Economic classification</b>												
<b>Current payments</b>	<b>1 185.0</b>	<b>1 250.5</b>	<b>1 276.5</b>	<b>1 560.5</b>	<b>1 560.4</b>	<b>9.6%</b>	<b>63.4%</b>	<b>1 554.0</b>	<b>1 644.6</b>	<b>1 959.5</b>	<b>7.9%</b>	<b>62.8%</b>
Compensation of employees	681.5	757.9	820.5	882.0	879.9	8.9%	37.8%	966.5	1 033.4	1 315.5	14.3%	39.2%
Goods and services	503.4	492.6	456.0	678.6	680.5	10.6%	25.7%	587.4	611.2	644.0	-1.8%	23.6%
of which:												
Computer services	35.0	42.1	71.0	110.0	111.1	47.0%	3.1%	83.7	95.6	100.7	-3.2%	3.7%
Operating leases	143.5	115.1	47.8	161.3	162.1	4.1%	5.6%	139.4	145.4	153.1	-1.9%	5.6%
Property payments	65.3	44.2	47.7	47.9	46.6	-10.6%	2.5%	53.4	56.0	59.0	8.2%	2.0%
Travel and subsistence	106.2	127.0	102.6	88.9	90.4	-5.2%	5.1%	94.8	91.2	95.0	1.7%	3.5%
Interest and rent on land	0.1	0.0	0.0	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>561.0</b>	<b>641.0</b>	<b>658.4</b>	<b>824.2</b>	<b>824.3</b>	<b>13.7%</b>	<b>32.3%</b>	<b>942.4</b>	<b>1 001.5</b>	<b>1 054.5</b>	<b>8.6%</b>	<b>35.7%</b>
Provinces and municipalities	0.1	0.1	0.2	0.2	0.2	64.2%	0.0%	0.0	0.0	0.0	-79.7%	0.0%
Departmental agencies and accounts	457.9	542.2	554.1	676.2	676.2	13.9%	26.8%	774.9	826.4	870.2	8.8%	29.4%
Foreign governments and international organisations	10.7	14.2	13.7	15.6	15.7	13.6%	0.7%	16.5	17.3	18.3	5.2%	0.6%
Non-profit institutions	89.2	82.7	88.0	131.0	131.0	13.7%	4.7%	150.7	157.4	165.7	8.2%	5.7%
Households	3.1	1.8	2.4	1.2	1.2	-28.3%	0.1%	0.3	0.3	0.3	-34.4%	0.0%
<b>Payments for capital assets</b>	<b>80.2</b>	<b>115.0</b>	<b>93.4</b>	<b>60.6</b>	<b>60.5</b>	<b>-9.0%</b>	<b>4.2%</b>	<b>31.0</b>	<b>32.3</b>	<b>34.0</b>	<b>-17.5%</b>	<b>1.5%</b>
Buildings and other fixed structures	3.1	4.6	8.6	5.5	5.5	20.7%	0.3%	0.0	-	-	-100.0%	0.1%
Machinery and equipment	77.1	110.4	84.8	55.1	55.1	-10.6%	3.9%	31.0	32.3	34.0	-14.8%	1.4%
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.7</b>	<b>6.2</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 826.3</b>	<b>2 007.1</b>	<b>2 034.6</b>	<b>2 445.2</b>	<b>2 445.2</b>	<b>10.2%</b>	<b>100.0%</b>	<b>2 527.3</b>	<b>2 678.4</b>	<b>3 048.1</b>	<b>7.6%</b>	<b>100.0%</b>

## Personnel information

**Table 18.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
		Actual 2012/13			Revised estimate 2013/14			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
Number of funded posts	Number of posts additional to the establishment	2012/13			2013/14			2014/15			2015/16			2016/17			2013/14 - 2016/17		
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Labour	3 371	14	3 158	820.5	0.3	3 292	879.9	0.3	3 289	966.5	0.3	3 289	1 033.4	0.3	3 482	1 315.5	0.4	1.9%	100.0%
Salary level																			
1 – 6	1 594	4	1 500	276.6	0.2	1 560	274.6	0.2	1 560	290.8	0.2	1 560	312.5	0.2	1 594	428.6	0.3	0.7%	47.0%
7 – 10	1 502	6	1 393	370.1	0.3	1 460	425.1	0.3	1 458	469.4	0.3	1 458	501.0	0.3	1 594	642.0	0.4	3.0%	44.7%
11 – 12	206	1	202	115.6	0.6	206	119.5	0.6	205	135.8	0.7	205	144.7	0.7	206	154.7	0.8	–	6.2%
13 – 16	69	3	63	56.1	0.9	66	58.5	0.9	66	68.3	1.0	66	72.8	1.1	88	87.7	1.0	10.1%	2.1%
Other	–	–	–	2.0	–	–	2.1	–	–	2.2	–	–	2.4	–	–	2.5	–	–	–

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on professionalising the inspectorate in the *Inspection and Enforcement Services* programme to ensure employers adhere to Decent Work principles and vulnerable workers are protected; building capacity in the *Public Employment Services* programme to implement the Employment Services Bill, which aims to provide free public employment services and regulate private employment agencies; and expanding access to the services provided by the Commission for Conciliation, Mediation and Arbitration to meet the increasing demand for dispute resolution services. As such, approximately 62.4 per cent of the department's budget over the medium term has been allocated to spending on compensation of employees and goods and services, while 26.6 per cent constitutes the transfer payment to the Commission for Conciliation Mediation and Arbitration.

The department receives Cabinet approved additional allocations of R64.5 million in 2016/17 for specialist labour inspector posts in the *Inspection and Enforcement Services* programme, and R35.5 million for IT posts in the *Administration* programme. The department is to effect Cabinet approved reductions on compensation of employees of R106.3 million in 2014/15 and R107.2 million in 2015/16, and the reprioritisation of R537.8 million over the medium term. The reductions will be realised through vacant funded posts not being filled, and this will have a minimal impact on service delivery.

While filled posts are expected to remain at 3 289 and unfunded vacant posts at 82 for the first two years of the MTEF period, the additional allocations are expected to allow the department to increase the number of filled posts to 3 482 in 2016/17.

### Infrastructure spending

Spending on the department's various small infrastructure projects, which are at different stages of completion, decreased by 44.4 per cent, from R9 million in 2012/13 to R5 million in 2013/14. Spending on infrastructure over the medium term is expected to remain low as only fees for consultant and professional services on new projects will be paid.

In 2012/13, the department appointed a new subcontractor to finalise the Rustenburg labour centre project, which was completed in November 2013 and will be occupied once the installation of IT and telephone cables is complete. The project had a total allocated budget of R5 million, of which R718 000 was spent in 2013/14.

Because of its urgency, the project to repair the air conditioning system at Laboria House will be implemented as a separate project funded by the department. The Bloemfontein sheltered employment factory project was completed in 2013/14 and the Silverton sheltered employment factory repair and maintenance programme is in the repair phase and is still valid for one year. The planning for repair and maintenance programmes for all sheltered employment factories has been completed and some will be put out to tender in 2014/15. The Port Elizabeth sheltered employment factory project will be funded by the Department of Public Works and will run for three years.

## Departmental receipts

Table 18.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2010/11 - 2013/14	2014/15			2015/16
R thousand													
<b>Departmental receipts</b>	<b>9 036</b>	<b>7 638</b>	<b>15 670</b>	<b>15 158</b>	<b>15 158</b>	<b>18.8%</b>	<b>100.0%</b>	<b>10 092</b>	<b>10 479</b>	<b>10 941</b>	<b>-10.3%</b>	<b>100.0%</b>	
<b>Sales of goods and services produced by department</b>	<b>2 539</b>	<b>2 576</b>	<b>3 166</b>	<b>3 626</b>	<b>3 626</b>	<b>12.6%</b>	<b>25.1%</b>	<b>3 265</b>	<b>3 359</b>	<b>3 513</b>	<b>-1.0%</b>	<b>29.5%</b>	
Sales by market establishments	215	171	173	174	174	-6.8%	1.5%	182	190	202	5.1%	1.6%	
of which:													
Rental for non-residential buildings (Institute for the National Development of Learnerships Employment Skills and Labour Assessments)	50	-	-	-	-	-100.0%	0.1%	-	-	-	-	-	
Rental for staff dwellings	35	43	43	41	41	5.4%	0.3%	43	45	50	6.8%	0.4%	
Rental for parking (covered and open)	130	128	130	133	133	0.8%	1.1%	139	145	152	4.6%	1.2%	
Administration fees	1 046	1 002	1 396	1 626	1 626	15.8%	10.7%	1 414	1 425	1 489	-2.9%	12.8%	
of which:													
License fees for occupational health and safety	214	258	1 385	1 526	1 526	92.5%	7.1%	1 354	1 415	1 479	-1.0%	12.4%	
Inspection fees for the National Development of Learnerships Employment Skills and Labour Assessments' trade tests	832	744	11	100	100	-50.6%	3.6%	60	10	10	-53.6%	0.4%	
Other sales	1 278	1 403	1 597	1 826	1 826	12.6%	12.8%	1 669	1 744	1 822	-0.1%	15.1%	
of which:													
Boarding services for staff and external persons (The National Development of Learnerships Employment Skills and Labour Assessments)	6	-	-	-	-	-100.0%	-	-	-	-	-	-	
Formal training provided (The National Development of Learnerships Employment Skills and Labour Assessments)	18	-	-	-	-	-100.0%	-	-	-	-	-	-	
Commission on insurance and garnishee orders	1 250	1 395	1 594	1 822	1 822	13.4%	12.8%	1 665	1 740	1 818	-0.1%	15.1%	
Replacement of security cards	4	4	3	4	4	-	-	4	4	4	-	-	
Sale of assets < R5 000	-	4	-	-	-	-	-	-	-	-	-	-	
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>12</b>	<b>8</b>	<b>13</b>	<b>25</b>	<b>25</b>	<b>27.7%</b>	<b>0.1%</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>-21.7%</b>	<b>0.1%</b>	
of which:													
Sale of scrap	5	2	-	11	2	-26.3%	-	5	5	5	35.7%	-	
Sale of waste paper	7	6	13	14	23	48.7%	0.1%	7	7	7	-32.7%	0.1%	
Fines, penalties and forfeits	601	993	107	600	107	-43.7%	3.8%	60	50	40	-28.0%	0.6%	
<b>Interest, dividends and rent on land</b>	<b>549</b>	<b>1 065</b>	<b>1 780</b>	<b>997</b>	<b>1 780</b>	<b>48.0%</b>	<b>10.9%</b>	<b>1 417</b>	<b>1 480</b>	<b>1 547</b>	<b>-4.6%</b>	<b>13.3%</b>	
Interest	549	1 065	1 780	997	1 780	48.0%	10.9%	1 417	1 480	1 547	-4.6%	13.3%	
<b>Transactions in financial assets and liabilities</b>	<b>5 335</b>	<b>2 996</b>	<b>10 604</b>	<b>9 910</b>	<b>9 620</b>	<b>21.7%</b>	<b>60.1%</b>	<b>5 338</b>	<b>5 578</b>	<b>5 829</b>	<b>-15.4%</b>	<b>56.5%</b>	
<b>Total</b>	<b>9 036</b>	<b>7 638</b>	<b>15 670</b>	<b>15 158</b>	<b>15 158</b>	<b>18.8%</b>	<b>100.0%</b>	<b>10 092</b>	<b>10 479</b>	<b>10 941</b>	<b>-10.3%</b>	<b>100.0%</b>	

## Programme 1: Administration

### Expenditure estimates

Table 18.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16
R million												
Ministry	13.9	17.1	16.8	15.2	3.0%	2.2%	14.3	16.0	16.9	3.7%	1.8%	
Management	383.8	409.0	450.7	427.9	3.7%	57.3%	395.2	415.3	520.5	6.7%	51.5%	
Corporate Services	40.1	54.1	47.4	62.1	15.7%	7.0%	63.0	66.2	66.2	2.2%	7.5%	
Office of the Chief Financial Officer	63.2	62.9	101.7	138.5	29.9%	12.6%	136.0	145.0	155.8	4.0%	16.8%	
Office Accommodation	181.5	161.1	71.1	196.8	2.7%	20.9%	179.2	187.4	197.3	0.1%	22.3%	
<b>Total</b>	<b>682.5</b>	<b>704.3</b>	<b>687.7</b>	<b>840.4</b>	<b>7.2%</b>	<b>100.0%</b>	<b>787.7</b>	<b>829.9</b>	<b>956.8</b>	<b>4.4%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				55.0			(45.8)	(47.6)	35.5			

**Table 18.5 Administration**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
<b>Current payments</b>	<b>600.1</b>	<b>590.0</b>	<b>587.7</b>	<b>779.3</b>	<b>9.1%</b>	<b>87.7%</b>	<b>756.5</b>	<b>797.4</b>	<b>922.5</b>	<b>5.8%</b>	<b>95.3%</b>	
Compensation of employees	239.5	267.1	284.6	272.1	4.4%	36.5%	332.8	356.2	457.7	18.9%	41.5%	
Goods and services	360.6	322.8	303.0	507.2	12.0%	51.2%	423.7	441.1	464.9	-2.9%	53.8%	
of which:												
Computer services	33.1	39.6	68.5	107.9	48.3%	8.5%	81.9	93.8	98.9	-2.9%	11.2%	
Operating leases	142.7	113.5	46.3	157.2	3.3%	15.8%	133.0	139.3	146.6	-2.3%	16.9%	
Property payments	58.2	34.0	37.6	41.9	-10.4%	5.9%	46.7	49.4	52.0	7.5%	5.6%	
Travel and subsistence	36.3	42.8	36.2	28.9	-7.3%	4.9%	39.3	30.9	31.9	3.3%	3.8%	
Interest and rent on land	0.1	0.0	0.0	-	-100.0%	-	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>2.7</b>	<b>0.8</b>	<b>1.4</b>	<b>1.2</b>	<b>-24.1%</b>	<b>0.2%</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>-42.8%</b>	<b>0.1%</b>	
Provinces and municipalities	0.1	0.1	0.2	0.2	64.2%	-	-	-	-	-100.0%	-	
Households	2.6	0.7	1.2	0.9	-30.1%	0.2%	0.2	0.2	0.2	-37.5%	-	
<b>Payments for capital assets</b>	<b>79.6</b>	<b>112.9</b>	<b>92.4</b>	<b>60.0</b>	<b>-9.0%</b>	<b>11.8%</b>	<b>31.0</b>	<b>32.3</b>	<b>34.0</b>	<b>-17.2%</b>	<b>4.6%</b>	
Buildings and other fixed structures	3.1	4.6	8.6	5.5	20.7%	0.7%	0.0	-	-	-100.0%	0.2%	
Machinery and equipment	76.5	108.3	83.7	54.5	-10.7%	11.1%	30.9	32.3	34.0	-14.5%	4.4%	
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.7</b>	<b>6.2</b>	<b>-</b>	<b>-100.0%</b>	<b>0.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>682.5</b>	<b>704.3</b>	<b>687.7</b>	<b>840.4</b>	<b>7.2%</b>	<b>100.0%</b>	<b>787.7</b>	<b>829.9</b>	<b>956.8</b>	<b>4.4%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>37.4%</b>	<b>35.1%</b>	<b>33.8%</b>	<b>34.4%</b>			<b>31.2%</b>	<b>31.0%</b>	<b>31.4%</b>			

## Personnel information

**Table 18.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of funded posts	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
	Number of posts additional to the establishment	Number of posts	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
			2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17												
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Administration</b>																				
<b>Salary level</b>	<b>1 195</b>	<b>4</b>	<b>1 098</b>	<b>284.6</b>	<b>0.3</b>	<b>1 195</b>	<b>272.1</b>	<b>0.2</b>	<b>1 195</b>	<b>332.8</b>	<b>0.3</b>	<b>1 195</b>	<b>356.2</b>	<b>0.3</b>	<b>1 305</b>	<b>457.7</b>	<b>0.4</b>	<b>3.0%</b>	<b>100.0%</b>	
1 – 6	670	-	624	98.1	0.2	670	90.2	0.1	670	110.6	0.2	670	118.5	0.2	670	159.9	0.2	-	54.8%	
7 – 10	411	-	362	107.0	0.3	411	104.0	0.3	411	127.5	0.3	411	136.5	0.3	502	192.7	0.4	6.9%	35.5%	
11 – 12	80	1	78	48.1	0.6	80	45.4	0.6	80	55.4	0.7	80	59.3	0.7	80	52.9	0.7	-	6.5%	
13 – 16	34	3	34	29.4	0.9	34	30.3	0.9	34	37.0	1.1	34	39.6	1.2	53	49.7	0.9	15.9%	3.2%	
Other	-	-	-	2.0	-	-	2.1	-	-	2.2	-	-	2.4	-	-	2.5	-	-	-	

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on building capacity in the office of the chief information officer in order to establish and enhance the IT operating model. This is funded in part by an additional allocation for IT personnel of R35.5 million in 2016/17, which allows for an increase in the total number of filled posts to 1 305 in that year. The significant growth in spending on computer services between 2010/11 and 2013/14 was driven by the department taking over the provision of IT services at the end of the public private partnership contract in 2012/13. Spending on consultants was equivalent to 22.9 per cent of total spending on compensation of employees in 2013/14, and is projected to constitute 3.4 per cent of spending on compensation of employees over the medium term. Consultants funded through this allocation will be used mainly for specific technical tasks such as the implementation of the new IT operating model, the organisational review and redesign project, and business advisory services to the chief financial officer.

However, the total number of filled posts is expected to remain unchanged in 2014/15 and 2015/16 as the department reduces spending on compensation of employees by R77.4 million over this period. This is to give effect to part of the Cabinet approved reductions to the department's budget. The reductions are not expected to have an impact on service delivery as they are effected on vacant funded posts in 2014/15 and 2015/16. The posts will be reinstated and filled in 2016/17.

The spending focus will also be on implementing the organisational review and redesign project, which aims to improve service delivery by ensuring that all strategic positions are filled, overlaps and duplication of functions are minimised, and reliance on consultants is reduced. The organisational review project aims to ensure that the department works as a single efficient unit optimally positioned for enhanced service delivery. Expenditure on the organisational review and design is reflected in spending on consultants and professional services in the *Management* subprogramme.

The R215 million available for reprioritisation comes from the revision to the cost sharing arrangements for services delivered by the department, the Unemployment Insurance Fund and the Compensation Fund. The revised arrangement sees the department's share being reduced as the two funds are expanding their services at provincial offices. The reprioritised amount was thus taken from compensation of employees, and earmarked for spending in 2013/14 and over the medium term to fund strategic priorities elsewhere in the programme and department. These include the creation of posts to manage the departmental fleet, which accounts for the significant growth in spending in the *Office of the Chief Financial Officer* subprogramme in 2013/14; and the implementation of the occupation specific dispensation for registered career counsellors in the *Public Employment Services* programme.

## Programme 2: Inspection and Enforcement Services

### Objectives

- Protect vulnerable workers and ensure adherence to Decent Work principles, by:
  - inspecting 183 870 workplaces in 2014/15
  - settling at least 75 per cent of labour related complaints within 14 days of registration of the complaint.
- Promote equity in the workplace and ensure the transformation of the labour market by increasing the number of workplaces inspected for substantive compliance with employment equity legislation from 269 in 2012/13 to 517 in 2014/15.
- Promote social protection by:
  - reducing accidents and injuries in the high risk sectors (iron and steel, construction, chemicals, and agriculture and forestry) by increasing the number of inspections conducted on compliance of workplaces with the Occupational Health and Safety Act (1993) from 18 000 workplaces inspected in 2012/13 to 20 609 workplaces by 2014/15
  - auditing 150 entities registered in terms of the Occupational Health and Safety Act (1993) to determine compliance with the Act in 2014/15
  - conducting 13 440 workplace audits to determine compliance with the Unemployment Insurance Act (2001) in 2014/15.
- Strengthen the department's institutional capacity by developing and implementing competency and induction programmes for existing and new inspectors over the MTEF period.

### Subprogrammes

- *Management and Support Services: Inspection and Enforcement Services* manages the delegated administrative and financial responsibilities of the office of the deputy director general: inspection and enforcement services, and provides corporate support to line function subprogrammes in the programme. This subprogramme had a staff complement of 41, including 30 pupil inspector posts, in 2013/14.
- *Occupational Health and Safety* promotes health and safety in the workplace by regulating dangerous activities and the use of plants and machinery, through inspections, to ensure compliance with the Occupational Health and Safety Act (1993). The number of workplaces in high risk industries audited to determine their compliance levels in terms of occupational health and safety legislation was 59 700 in 2013/14, increasing from 26 333 workplaces audited in 2012/13. This subprogramme had a staff complement of 32 in 2013/14.
- *Registration: Inspection and Enforcement Services* registers incidents relating to labour relations and occupational health and safety matters, as reported by members of the public, and communicates these to the

relevant structures in the *Compliance, Monitoring and Enforcement* subprogramme for investigation. In 2012/13, 110 252 complaints were received and 67 per cent or 73 786 were settled within 14 days of receipt. This subprogramme had a staff complement of 427 in 2013/14.

- *Compliance, Monitoring and Enforcement* is discussed in more detail below.
- *Training of Staff: Inspection and Enforcement Services* defrays all expenditure relating to staff training in the programme to easily identify this expenditure for reporting purposes. In 2012/13, 69 client service officers were trained in the basic conditions of employment, occupational health and safety and Compensation for Occupational Injuries and Diseases Act (1993) and 283 shop stewards received training in relation to the Occupational Health and Safety Act (1993) and regulations at a cost of R4.4 million.
- *Statutory and Advocacy Services* gives effect to the legislative enforcement requirements and educates stakeholders on labour legislation. In 2012/13, 4 occupational health and safety awareness raising campaigns in the forestry, hospitality and constructions sectors, which included 5 seminars and 3 training sessions on the regulations for major hazardous installations, were held at a cost of R1.2 million. This subprogramme had a staff complement of 4 in 2013/14.

## Expenditure estimates

**Table 18.7 Inspection and Enforcement Services**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Management and Support Services: Inspection and Enforcement Services	8.5	13.4	14.4	15.1	21.4%	3.3%	15.3	16.0	17.0	4.0%	3.4%
Occupational Health and Safety	15.9	19.9	17.5	21.5	10.7%	4.9%	22.7	24.3	26.1	6.7%	5.0%
Registration: Inspection and Enforcement Services	61.3	80.2	84.7	102.1	18.5%	21.3%	61.7	64.8	68.9	-12.3%	15.9%
Compliance, Monitoring and Enforcement	240.9	257.7	274.6	283.2	5.5%	68.6%	293.9	317.9	477.5	19.0%	73.1%
Training of Staff: Inspection and Enforcement Services	2.8	4.5	4.5	16.3	80.1%	1.8%	4.9	5.2	5.4	-30.8%	1.7%
Statutory and Advocacy Services	-	-	-	1.9	-	0.1%	4.7	4.9	5.2	40.8%	0.9%
<b>Total</b>	<b>329.4</b>	<b>375.7</b>	<b>395.6</b>	<b>440.2</b>	<b>10.1%</b>	<b>100.0%</b>	<b>403.2</b>	<b>433.1</b>	<b>600.2</b>	<b>10.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(25.0)			(91.2)	(89.4)	64.5		
<b>Economic classification</b>											
<b>Current payments</b>	<b>328.6</b>	<b>375.1</b>	<b>394.5</b>	<b>440.1</b>	<b>10.2%</b>	<b>99.8%</b>	<b>403.1</b>	<b>433.0</b>	<b>600.1</b>	<b>10.9%</b>	<b>100.0%</b>
Compensation of employees	248.8	276.0	305.2	342.6	11.3%	76.1%	317.4	343.4	505.7	13.9%	80.4%
Goods and services	79.8	99.1	89.3	97.5	6.9%	23.7%	85.7	89.6	94.4	-1.1%	19.6%
of which:											
Computer services	0.3	0.0	0.0	-	-100.0%	-	-	-	-	-	-
Operating leases	0.1	0.6	0.4	1.8	164.5%	0.2%	1.9	2.0	2.1	4.8%	0.4%
Property payments	3.9	5.5	5.5	4.4	3.5%	1.3%	4.8	4.6	4.9	3.9%	1.0%
Travel and subsistence	47.0	55.7	41.3	38.0	-6.9%	11.8%	33.2	35.1	36.9	-0.9%	7.6%
<b>Transfers and subsidies</b>	<b>0.4</b>	<b>0.6</b>	<b>0.9</b>	<b>0.1</b>	<b>-49.3%</b>	<b>0.1%</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>5.1%</b>	<b>-</b>
Households	0.4	0.6	0.9	0.1	-49.3%	0.1%	0.1	0.1	0.1	5.1%	-
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Machinery and equipment	0.4	0.1	0.1	-	-100.0%	-	-	-	-	-	-
<b>Total</b>	<b>329.4</b>	<b>375.7</b>	<b>395.6</b>	<b>440.2</b>	<b>10.1%</b>	<b>100.0%</b>	<b>403.2</b>	<b>433.1</b>	<b>600.2</b>	<b>10.9%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>18.0%</b>	<b>18.7%</b>	<b>19.4%</b>	<b>18.0%</b>			<b>16.0%</b>	<b>16.2%</b>	<b>19.7%</b>		

## Personnel information

Table 18.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
Inspection and Enforcement Services		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
Salary level	1 309	5	1 213	305.2	0.3	1 226	341.6	0.3	1 226	317.4	0.3	1 226	343.4	0.3	1 309	505.7	0.4	2.2%	100.0%
1 – 6	740	–	692	144.3	0.2	706	151.3	0.2	706	140.4	0.2	706	152.2	0.2	740	224.7	0.3	1.6%	57.3%
7 – 10	510	5	465	124.8	0.3	465	155.7	0.3	465	144.8	0.3	465	156.4	0.3	510	229.9	0.5	3.1%	38.2%
11 – 12	48	–	47	26.7	0.6	47	27.7	0.6	47	25.7	0.5	47	27.8	0.6	48	40.8	0.9	0.7%	3.8%
13 – 16	11	–	9	9.5	1.1	8	7.0	0.9	8	6.5	0.8	8	7.0	0.9	11	10.3	0.9	11.2%	0.7%

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

2. Rand million.

## Expenditure trends

The spending focus over the MTEF period will be on conducting occupational health and safety inspections, enforcing labour legislation, and registering labour relations and occupational health and safety incidents as reported by members of the public. Spending on compensation of the employees who perform these functions thus constitutes the bulk of expenditure in this programme and is also the main contributor to increases in spending across the seven-year period. The strong growth in spending in the *Training of Staff: Inspection and Enforcement Services* subprogramme arises from the intensive training of labour inspectors on amendments to the labour laws in 2013/14, with a resultant decrease in spending by this subprogramme over the medium term, as the training tapers off. The training will enable the labour inspectors to effectively inspect compliance with current labour laws and amendments thereto.

Spending in the *Registration: Inspection and Enforcement Services* subprogramme increased significantly between 2010/11 and 2013/14 as the department increased capacity to provide efficient registration services for labour relations and occupational health and safety obligations. The decrease in spending in this subprogramme over the medium term is due to the reprioritisation of funds from spending on compensation of employees to the *Public Employment Services* programme. Approximately two-thirds of spending on compensation of employees relates to staff employed in the *Compliance, Monitoring and Enforcement* subprogramme, which is discussed in further detail in the section that follows.

## Subprogramme: Compliance, Monitoring and Enforcement

This subprogramme ensures that employers and employees comply with labour legislation. This is done through regular inspections and follow-ups on reported incidents. In 2012/13, an estimated 141 731 workplace inspections were conducted to ensure compliance with labour legislation. Of these, 240 were employment equity inspections and 87 795 were workplace inspections, compared to 90 000 workplace inspections and 340 employment equity inspections in 2013/14. The department plans to conduct 150 audits on entities to ensure compliance with the Occupational Health and Safety Act (1993) in 2014/15. These entities include diving training schools, asbestos contractors and first aid training organisations.

## Expenditure estimates

Table 18.9 Compliance, Monitoring and Enforcement

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million	240.5	257.3	273.8	283.2	5.6%	99.8%	293.9	317.8	477.5	19.0%	100.0%	
Current payments	177.8	187.6	228.2	231.5	9.2%	78.1%	239.8	261.2	417.9	21.8%	83.8%	
Compensation of employees	62.8	69.8	45.6	51.7	-6.3%	21.8%	54.1	56.6	59.6	4.9%	16.2%	
Goods and services												
of which:												
Computer services	0.3	0.0	0.0	–	-100.0%	–	–	–	–	–	–	
Operating leases	0.0	0.3	0.1	1.2	245.0%	0.1%	1.2	1.3	1.3	4.7%	0.4%	

**Table 18.9 Compliance, Monitoring and Enforcement**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
<b>Current payments</b>												
Property payments	3.9	4.9	4.9	3.8	-1.0%	1.6%	4.0	4.2	4.4	5.4%	1.2%	
Travel and subsistence	38.9	41.0	19.3	24.4	-14.4%	11.7%	23.7	24.9	26.2	2.5%	7.2%	
<b>Transfers and subsidies</b>	<b>0.3</b>	<b>0.4</b>	<b>0.7</b>	<b>0.0</b>	<b>-50.6%</b>	<b>0.1%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.8%</b>	<b>-</b>	
Households	0.3	0.4	0.6	0.0	-50.6%	0.1%	0.0	0.0	0.0	4.8%	-	
Payments for capital assets	0.1	0.1	0.1	-	-100.0%	-	-	-	-	-	-	
Machinery and equipment	0.1	0.1	0.1	-	-100.0%	-	-	-	-	-	-	
<b>Total</b>	<b>240.9</b>	<b>257.7</b>	<b>274.6</b>	<b>283.2</b>	<b>5.5%</b>	<b>100.0%</b>	<b>293.9</b>	<b>317.9</b>	<b>477.5</b>	<b>19.0%</b>	<b>100.0%</b>	
Proportion of total subprogramme expenditure to programme expenditure	73.2%	68.6%	69.4%	64.3%			72.9%	73.4%	79.6%			

**Personnel information****Table 18.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Compliance, Monitoring and Enforcement	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	952	-	907	228.2	0.3	921	230.5	0.3	921	239.8	0.3	921	261.2	0.3	952	417.9	0.4	1.1%	100.0%
1 - 6	535	-	505	102.7	0.2	548	91.1	0.2	548	87.6	0.2	548	96.6	0.2	535	173.1	0.3	-0.8%	58.7%
7 - 10	409	-	394	120.9	0.3	367	119.8	0.3	367	116.9	0.3	367	127.5	0.3	409	205.6	0.5	3.7%	40.6%
11 - 12	7	-	7	4.0	0.6	5	13.0	2.6	5	28.4	5.7	5	30.0	6.0	7	31.6	4.5	11.9%	0.6%
13 - 16	1	-	1	0.6	0.6	1	6.5	6.5	1	6.9	6.9	1	7.2	7.2	1	7.6	7.6	-	0.1%

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

2. Rand million.

**Expenditure trends**

The spending focus over the medium term will be on strengthening the department's capacity to conduct inspections and enforce compliance with labour regulations. This explains the projected increase in the number of filled labour inspector posts and travel expenses related to workplace inspections. This, in turn, explains the expected increase in spending on compensation of employees, fleet services and travel and subsistence over the medium term. In focusing spending this way, the department expects to increase the number of workplace inspections from 150 040 in 2013/14 to 183 870 in each year of the MTEF period. Rising fuel prices and the introduction of the e-tolling system are expected to increase travel related expenditure over the medium term, which is expected to reduce the number of inspections the department can perform within the constraints of the allocated budget.

The decrease in spending on travel and subsistence between 2010/11 and 2013/13 is mainly a result of fewer workplace inspections conducted in 2012/13 as 31 labour inspector posts were vacant. In an effort to strengthen capacity to enforce compliance with labour regulations, 14 vacant posts were filled in 2013/14, which increased spending on compensation of employees in that year.

To give effect to Cabinet approved budget reductions, the department has cut the allocation for spending on compensation of employees by R69.6 million in 2014/15 and R67.6 million in 2015/16. As the cuts have been made on vacant funded positions, inspections will continue as planned. An additional R69 million in 2016/17 will allow for these posts to be reinstated and filled.

**Programme 3: Public Employment Services****Objectives**

- Reduce unemployment by registering and placing unemployed people in decent work by:

- increasing the number of registered work seekers matched and placed from 16 171 in 2012/13 to 20 000 in 2014/15
- increasing the percentage of targeted registered work seekers with competencies to secure employment through employment counselling interventions from 50 per cent in 2013/14 to 55 per cent in 2014/15
- protecting vulnerable work seekers through the regulation of private employment agencies in 2014/15.
- Contribute to increasing employment opportunities for people with disabilities by 1 450 in 2014/15 by providing funding to the Deaf Federation of South Africa, the National Council for Persons with Physical Disabilities, the South African National Council for the Blind, the Pretoria Workshop for the Blind, the Natal Society for the Blind, the Natal Blind and Deaf Society, the Cape Town Society for the Blind and the Worcester Society for the Blind.
- Protect employment by providing financial support to Productivity South Africa to promote increased productivity, competitiveness and social plan interventions on an ongoing basis.
- Contribute to reducing unemployment by ensuring that South African citizens receive employment preference over migrants through the ongoing assessment of migrant applicants' skills levels and making recommendations to the Department of Home Affairs in the issuing of corporate and individual work visas.

## Subprogrammes

- *Management and Support Services: Public Employment Services* manages delegated administrative and financial responsibilities; coordinates all planning, monitoring and evaluation functions; and provides corporate support to line function subprogrammes. In 2013/14, this subprogramme had a staff complement of 83, including senior managers in the *Employer Services* and *Work Seeker Services* subprogrammes.
- *Employer Services* facilitates the registration of vacancies, disseminates scarce skills information, issues immigrant corporate and work permits, tracks the numbers of migrating skilled South Africans, oversees the placements of work seekers, responds to companies in distress, facilitates a social plan aimed at companies in distress, and regulates private employment agencies. In 2012/13, 153 applications for work permits were received and responded to within 30 working days. This subprogramme had a staff complement of 265 in 2013/14.
- *Work Seeker Services* is discussed in more detail below.
- *Designated Groups Special Services* facilitates the funding of transfers to national councils to provide employment for people with disabilities. This subprogramme's total budget is transferred in quarterly tranches to the South African National Council for the Blind, the Deaf Federation of South Africa and the National Council for Persons with Physical Disabilities in South Africa.
- *Sheltered Employment Factories and Subsidies to Designated Workshops* provides subsidies to sheltered employment factories to assist in providing employment for people with disabilities who cannot be placed in the mainstream economy.
- *Productivity South Africa* transfers funding to Productivity South Africa to promote workplace productivity, competitiveness and social plan interventions. This subprogramme's total budget is transferred in quarterly tranches to Productivity South Africa.
- *Unemployment Insurance Fund* provides for the possible future funding of the Unemployment Insurance Fund.
- *Compensation Fund* provides for costs incurred through claims from civil servants for injuries sustained on duty or occupation related illnesses and diseases, and provides for the funding of claims from the Compensation Fund. In 2012/13, spending on the administration costs of civil servants' claims amounted to R14 million for 3 569 363 claims.
- *Training of Staff: Public Employment Services* defrays all expenditure relating to staff training in the programme to easily identify this expenditure for reporting purposes. In 2012/13, 300 staff members were trained in various courses, including project management, minute taking, report writing and office administration at a cost of R1.3 million.

## Expenditure estimates

Table 18.11 Public Employment Services

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Management and Support Services: Public Employment Services	19.2	21.0	21.8	31.1	17.4%	6.9%	33.0	34.7	36.6	5.6%	7.2%
Employer Services	128.7	143.7	148.5	91.4	-10.8%	37.9%	117.0	123.3	129.8	12.4%	24.7%
Work Seeker Services	22.9	23.5	32.8	99.6	63.2%	13.2%	114.2	119.9	125.9	8.1%	24.6%
Designated Groups Special Services	0.5	0.2	0.1	0.8	18.4%	0.1%	0.9	0.9	0.9	5.3%	0.2%
Sheltered Employment Factories and Subsidies to Designated Workshops	76.9	72.4	76.2	119.3	15.7%	25.5%	139.2	145.7	153.4	8.7%	29.8%
Productivity South Africa	31.2	34.1	37.1	40.3	8.9%	10.5%	43.1	45.5	47.9	6.0%	9.5%
Unemployment Insurance Fund	-	-	-	0.0	-	-	0.0	0.0	0.0	-	-
Compensation Fund	8.9	36.1	14.1	15.6	20.6%	5.5%	17.3	18.1	19.0	6.8%	3.7%
Training of Staff: Public Employment Services	0.9	1.2	1.1	2.0	28.3%	0.4%	2.0	1.1	1.1	-17.1%	0.3%
<b>Total</b>	<b>289.3</b>	<b>332.2</b>	<b>331.7</b>	<b>400.1</b>	<b>11.4%</b>	<b>100.0%</b>	<b>466.5</b>	<b>489.2</b>	<b>514.7</b>	<b>8.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			28.4	27.4	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>174.1</b>	<b>192.0</b>	<b>207.2</b>	<b>229.4</b>	<b>9.6%</b>	<b>59.3%</b>	<b>272.8</b>	<b>286.1</b>	<b>300.9</b>	<b>9.5%</b>	<b>58.2%</b>
Compensation of employees	138.7	154.5	169.1	196.3	12.3%	48.7%	237.4	250.1	263.0	10.2%	50.6%
Goods and services	35.4	37.5	38.2	33.2	-2.2%	10.7%	35.4	36.0	37.9	4.5%	7.6%
of which:											
Computer services	0.1	1.4	1.4	1.2	135.7%	0.3%	0.8	0.8	0.8	-11.5%	0.2%
Operating leases	0.2	0.2	0.2	2.0	111.0%	0.2%	2.6	2.7	2.9	13.4%	0.5%
Property payments	2.8	4.1	4.1	1.1	-26.2%	0.9%	1.3	1.4	1.4	9.4%	0.3%
Travel and subsistence	15.2	17.3	18.6	10.0	-13.1%	4.5%	10.8	11.5	12.2	6.9%	2.4%
<b>Transfers and subsidies</b>	<b>115.0</b>	<b>138.2</b>	<b>123.6</b>	<b>170.4</b>	<b>14.0%</b>	<b>40.4%</b>	<b>193.8</b>	<b>203.1</b>	<b>213.9</b>	<b>7.9%</b>	<b>41.8%</b>
Departmental agencies and accounts	40.1	70.2	51.1	55.9	11.8%	16.1%	60.4	63.6	67.0	6.2%	13.2%
Non-profit institutions	74.8	67.7	72.2	114.5	15.2%	24.3%	133.3	139.5	146.9	8.7%	28.6%
Households	0.1	0.3	0.3	0.0	-23.4%	0.1%	0.0	0.0	0.0	6.3%	-
<b>Payments for capital assets</b>	<b>0.2</b>	<b>2.0</b>	<b>0.8</b>	<b>0.3</b>	<b>15.6%</b>	<b>0.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
Machinery and equipment	0.2	2.0	0.8	0.3	15.6%	0.2%	-	-	-	-100.0%	-
<b>Total</b>	<b>289.3</b>	<b>332.2</b>	<b>331.7</b>	<b>400.1</b>	<b>11.4%</b>	<b>100.0%</b>	<b>466.5</b>	<b>489.2</b>	<b>514.7</b>	<b>8.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>15.8%</b>	<b>16.6%</b>	<b>16.3%</b>	<b>16.4%</b>			<b>18.5%</b>	<b>18.3%</b>	<b>16.9%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>31.2</b>	<b>34.1</b>	<b>37.1</b>	<b>40.3</b>	<b>8.9%</b>	<b>10.5%</b>	<b>43.1</b>	<b>45.5</b>	<b>47.9</b>	<b>6.0%</b>	<b>9.5%</b>
Productivity South Africa	31.2	34.1	37.1	40.3	8.9%	10.5%	43.1	45.5	47.9	6.0%	9.5%
<b>Departmental agencies and accounts</b>											
<b>Social security funds</b>											
<b>Current</b>	<b>8.9</b>	<b>36.1</b>	<b>14.1</b>	<b>15.6</b>	<b>20.6%</b>	<b>5.5%</b>	<b>17.3</b>	<b>18.1</b>	<b>19.0</b>	<b>6.8%</b>	<b>3.7%</b>
Compensation Fund	8.9	36.1	14.1	15.6	20.6%	5.5%	17.3	18.1	19.0	6.8%	3.7%
<b>Non-profit institutions</b>											
<b>Current</b>	<b>74.8</b>	<b>67.7</b>	<b>72.2</b>	<b>114.5</b>	<b>15.2%</b>	<b>24.3%</b>	<b>133.3</b>	<b>139.5</b>	<b>146.9</b>	<b>8.7%</b>	<b>28.6%</b>
Deaf Federation of South Africa	0.1	0.1	-	0.2	37.4%	-	0.2	0.2	0.3	5.5%	0.1%
National Council for the Physically Disabled	0.2	0.1	0.1	0.3	7.9%	-	0.3	0.3	0.3	5.1%	0.1%
South African National Council for the Blind	0.2	0.1	0.0	0.3	18.9%	-	0.3	0.4	0.4	5.4%	0.1%
Subsidised Workshops for the Blind	8.2	8.7	9.1	9.6	5.3%	2.6%	10.2	10.6	11.2	5.3%	2.2%
Subsidised Work Centres for the Disabled	66.1	58.8	63.0	104.1	16.3%	21.6%	122.3	128.0	134.8	9.0%	26.1%

## Personnel information

**Table 18.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost
<b>Public Employment Services</b>																			
<b>Salary level</b>	<b>674</b>	<b>4</b>	<b>674</b>	<b>169.1</b>	<b>0.3</b>	<b>674</b>	<b>196.3</b>	<b>0.3</b>	<b>674</b>	<b>237.4</b>	<b>0.4</b>	<b>674</b>	<b>250.1</b>	<b>0.4</b>	<b>674</b>	<b>263.0</b>	<b>0.4</b>	-	100.0%
1 – 6	162	4	162	29.0	0.2	162	29.0	0.2	162	35.0	0.2	162	36.8	0.2	162	38.6	0.2	-	24.0%
7 – 10	451	-	451	101.7	0.2	451	128.6	0.3	451	155.5	0.3	451	164.1	0.4	451	172.7	0.4	-	66.9%
11 – 12	49	-	49	27.8	0.6	49	28.3	0.6	49	34.3	0.7	49	36.0	0.7	49	37.8	0.8	-	7.3%
13 – 16	12	-	12	10.5	0.9	12	10.4	0.9	12	12.6	1.0	12	13.2	1.1	12	13.8	1.2	-	1.8%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on enhancing the department's capacity to implement the Employment Services Bill once it is promulgated and on managing the implementation of the turnaround strategy for sheltered employment factories. To this end, spending in the *Sheltered Employment Factories* and *Subsidies to Designated Workshops* subprogramme grew significantly between 2010/11 and 2013/14 due to additional funding allocated in the 2013 Budget for the turnaround strategy for sheltered employment factories. In addition, the employment services system was improved to include online registration for employers, work seekers and mobile self-registration centres. The mobile self-registration centres intervention is aimed at increasing job creation and facilitating placements in decent employment. The number of work seekers placed in registered employment opportunities per year increased from 16 171 in 2012/13 to 19 000 in 2013/14.

*The Management and Support Services: Public Employment Services* subprogramme increased the department's capacity to provide employer, registration and placement services. This subprogramme accounts for the increased spending on compensation of employees between 2010/11 and 2013/14. Over the seven-year period, spending on transfers to non-profit institutions is set to grow substantially as the department implements its approved 2013 policy on transfers to non-profit institutions in an effort to facilitate access to employment for people with disabilities.

Over the medium term, this programme receives additional funds of R83.4 million through a reprioritisation of funds from spending on compensation of employees in the *Inspection and Enforcement Services* programme to spending on compensation of employees in this programme. The reprioritisation is to fund the occupation specific dispensation for career counsellors from 1 April 2014 and improved conditions of service. This will lead to increased spending on compensation of employees over this period. R15.9 million over the medium term has also been reprioritised within spending on goods and services, from communication, property payments and travel and subsistence to provide employment services projects.

## Subprogramme: Work Seeker Services

This subprogramme registers work seekers, retrenched workers, work vacancies, and training and income generating opportunities on the employment services system; and facilitates access to employment and income generating opportunities for the unemployed and underemployed. In 2012/13, 600 259 work seekers were registered on the Employment Services of South Africa system.

## Expenditure estimates

**Table 18.13 Work Seeker Services**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
<b>Current payments</b>	<b>22.9</b>	<b>23.5</b>	<b>32.7</b>	<b>99.6</b>	<b>63.3%</b>	<b>99.9%</b>	<b>114.1</b>	<b>119.9</b>	<b>125.9</b>	<b>8.1%</b>	<b>33.5%</b>
Compensation of employees	21.2	20.4	29.6	87.0	60.0%	88.4%	101.1	106.1	111.3	8.6%	29.5%
Goods and services	1.6	3.1	3.1	12.6	97.3%	11.4%	13.1	13.8	14.6	4.9%	3.9%
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>-</b>	<b>0.1%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6.3%</b>	<b>-</b>
Households	0.0	0.0	0.1	0.0	-	0.1%	0.0	0.0	0.0	6.3%	-
<b>Total</b>	<b>22.9</b>	<b>23.5</b>	<b>32.8</b>	<b>99.6</b>	<b>63.2%</b>	<b>100.0%</b>	<b>114.2</b>	<b>119.9</b>	<b>125.9</b>	<b>8.1%</b>	<b>33.5%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>7.9%</b>	<b>7.1%</b>	<b>9.9%</b>	<b>24.9%</b>			<b>24.5%</b>	<b>24.5%</b>	<b>24.5%</b>		

## Personnel information

**Table 18.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
2012/13			2013/14			2014/15		2015/16		2016/17		2013/14 - 2016/17							
Work Seeker Services		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	327	-	316	29.6	0.1	327	87.0	0.3	327	101.1	0.3	327	106.1	0.3	327	111.3	0.3	-	100.0%
1 - 6	111	-	109	7.9	0.1	111	20.5	0.2	111	21.6	0.2	111	22.8	0.2	111	24.0	0.2	-	33.9%
7 - 10	212	-	203	19.6	0.1	212	64.3	0.3	212	77.1	0.4	212	80.8	0.4	212	84.7	0.4	-	64.8%
11 - 12	4	-	4	2.2	0.6	4	2.2	0.6	4	2.3	0.6	4	2.5	0.6	4	2.6	0.7	-	1.2%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus of this subprogramme is on increasing the number of work seekers registered and facilitating access to employment and income generating opportunities. The aim is to reduce unemployment and contribute to the national employment target of 11 million jobs created by 2030. Spending on compensation of employees between 2010/11 and 2013/14 grew at an average annual rate of 60 per cent, due to the transfer of staff to this subprogramme from the *Employer Services* subprogramme to enhance the effectiveness of this subprogramme. Spending on compensation of employees is expected to stabilise at 8.6 per cent over the medium term due to salary adjustments for career counsellors. Increased spending on advertising, travel and the hiring of venues and facilities in respect of roadshows for the registration of work seekers accounts for the 97.3 per cent growth in spending on goods and services between 2010/11 and 2013/14, and is expected to moderate to 4.9 per cent over the MTEF period.

The subprogramme's expenditure, which includes items such as communication, travel and subsistence, is expected to increase to R125.9 million in 2016/17 to provide for the implementation of projects emanating from the Employment Services Bill. These include the development of systems and regulations for private employment agencies responsible for job matching and placing work seekers, enhancements to the Employment Services of South Africa system to facilitate an increase in the number of employment opportunities registered, and the rollout of employment schemes to enhance work seekers' employment opportunities and their employability. The targets for the number of work seekers registered on the Employment Services of South Africa system is expected to increase from 500 000 in 2013/14 to 600 000 in 2016/17.

The subprogramme receives R24 million for improved conditions of service over the medium term, from the reprioritisation from spending on compensation of employees in the *Administration* programme. As at 31 March 2013, the programme had a funded and filled establishment of 316 posts, which increased to 327 posts in 2013/14 and is expected to remain stable over the medium term.

## Programme 4: Labour Policy and Industrial Relations

### Objectives

- Improve the status of vulnerable workers by:
  - reviewing 8 sectoral determinations on appropriate minimum wages and conditions of employment by March 2017; 2 determinations in the contract cleaning and the domestic worker sectors by March 2015; 4 determinations in the farm worker, forestry, private security and wholesale and retail sectors by March 2016; and 2 determinations in the hospitality and the taxi sectors by March 2017
  - investigating 3 new sectors (funeral undertaking, abattoir sector and gardening services) by March 2017.
- Promote equity in the workplace by addressing income disparities along racial and gender lines by:
  - promoting the relevant provisions of the Amended Employment Equity Act (1998) and its employment equity regulations, endorsing the principle of equal pay for work of equal value across all occupational levels of the workforce through the assessment of 30 companies on income differentials by March 2015
  - assisting employers in identifying income disparities based on race and gender by conducting 7 income differential assessments per quarter.
- Manage the implementation of the Labour Relations Act (1995) by extending 18 collective agreements within 60 days from the day of receipt, and registering labour organisations within 90 days of receiving a completed application.
- Implement a research, monitoring and evaluation agenda in specific areas identified in the labour market by conducting at least 4 research projects by September 2014 and releasing 4 reports on labour market information and statistical analysis by September 2014.

### Subprogrammes

- *Management and Support Services: Labour Policy and Industrial Relations* manages delegated administrative and financial responsibilities, coordinates all planning, monitoring and evaluation functions, and provides corporate support to line function subprogrammes. This entails managing the proper implementation of all human resources related matters, ensuring effective and efficient procurement of goods and services, as well as dealing with budget planning and expenditure control. This subprogramme had a staff complement of 16 in 2013/14.
- *Strengthen Civil Society* makes transfers to various civil society organisations that provide resources, support and expertise to improve the independence and self-reliance of workers and employers, with the aim of strengthening the capacity of workers and employers to contribute to a stable and smoothly functioning labour market. Portions of this subprogramme's total budget are transferred to various civil society organisations such as the Ditsela Workers' Education Institute, Workers College Natal and the Confederation of South African Trade Unions.
- *Collective Bargaining* manages the implementation of the Labour Relations Act (1995) by developing policies and practices that promote sound labour relations. This entails extending collective agreements and registering labour organisations within 90 days. By the end of September 2013, 10 collective agreements were extended with an average turnaround time of 52 days and the applications of 78 labour organisations were processed within 48 days. This subprogramme had a staff complement of 30 in 2013/14.
- *Employment Equity* promotes equity in the labour market by strengthening the implementation, monitoring and enforcement mechanisms of the Employment Equity Act (1998). In 2013/14, 30 income differential assessments were conducted, 8 each for the first and second quarters, and 7 each for the third and fourth quarters, at a total cost of R1 million. This subprogramme had a staff complement of 19 in 2013/14.
- *Employment Standards* protects vulnerable workers in the labour market by administering the Basic Conditions of Employment Act (1997). In 2013/14, hospitality and taxi sector determinations were reviewed at a cost of R1.4 million. In addition, a feasibility study on establishing a funeral sector determination was done in 2013/14 at a cost of R250 000. This subprogramme had a staff complement of 17 in 2013/14.
- *Commission for Conciliation, Mediation and Arbitration* transfers funds to the Commission for Conciliation, Mediation and Arbitration, which promotes fairness in the workplace through dispute prevention and dispute resolution services. This subprogramme's total budget is transferred in full to the commission.

- *Research, Policy and Planning* supports the department's policy formulation and legislation drafting functions. This entails conducting research and managing commissioned research projects that are aimed at monitoring and evaluating working conditions and policies affecting the labour market in South Africa and elsewhere, and identifying relevant labour market interventions and policy options. In 2013/14, R7.2 million was spent on the following research projects: the extent of utilisation of bargaining council agreements exemption by businesses; progress made towards the reduction of working hours to a 40-hour week; assessing knowledge levels about the work of the Department of Labour and its communication campaigns; investigating employment counselling approaches for designated groups; and attitudes of unemployed work-seekers towards certain jobs. This subprogramme had a staff complement of 10 in 2013/14.
- *Labour Market Information and Statistics* collects, collates, analyses, and disseminates internal and external labour market statistics about changes in the South African labour market that impact on legislation; and triggers further research on labour matters. By June 2013, the report on job opportunities and unemployment in the South African labour market and the annual labour market bulletin had been completed. The reports on industrial action and annual administrative statistics will be completed by March 2014. In 2013/14, this subprogramme had a staff complement of 95 across provinces, including the head office.
- *International Labour Matters* facilitates bilateral and multilateral cooperation between the department and its partners internationally to exchange information and best practices on labour market issues. This subprogramme transferred the following funds in lieu of South Africa's affiliation fees for 2013/14: R681 843 to the African Regional Labour Administration Centre and R15 million to the International Labour Organisation. This subprogramme had a staff complement of 19 in 2013/14.
- *National Economic Development and Labour Council* transfers funds to the National Economic Development and Labour Council, which promotes economic growth, participation in economic decision making and social equity through social dialogue. This subprogramme had a staff complement of 1 in 2013/14.

## Expenditure estimates

**Table 18.15 Labour Policy and Industrial Relations**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Management and Support Services: Labour Policy and Industrial Relations	8.5	9.6	12.3	13.4	16.6%	1.7%	13.6	13.7	14.3	2.1%	1.6%
Strengthen Civil Society	14.4	15.1	15.8	16.5	4.7%	2.5%	17.3	17.9	18.9	4.6%	2.0%
Collective Bargaining	9.7	10.2	11.2	13.4	11.1%	1.8%	14.5	14.5	15.5	5.0%	1.6%
Employment Equity	9.7	11.0	9.9	12.8	10.0%	1.7%	14.5	15.2	16.1	7.9%	1.7%
Employment Standards	6.5	9.8	8.4	13.3	26.9%	1.5%	12.7	14.9	16.1	6.5%	1.6%
Commission for Conciliation, Mediation and Arbitration	402.0	448.1	478.7	594.4	13.9%	76.8%	687.1	734.0	772.9	9.1%	78.8%
Research, Policy and Planning	12.3	10.6	5.3	12.7	0.9%	1.6%	11.7	12.6	13.7	2.6%	1.4%
Labour Market Information and Statistics	26.4	29.3	30.3	34.3	9.1%	4.8%	36.5	38.6	41.0	6.1%	4.3%
International Labour Matters	19.3	26.9	23.0	27.4	12.3%	3.9%	33.9	35.2	36.9	10.4%	3.8%
National Economic Development and Labour Council	16.3	24.4	24.7	26.3	17.2%	3.7%	28.1	29.5	31.0	5.7%	3.2%
<b>Total</b>	<b>525.2</b>	<b>594.9</b>	<b>619.7</b>	<b>764.5</b>	<b>13.3%</b>	<b>100.0%</b>	<b>869.9</b>	<b>926.2</b>	<b>976.4</b>	<b>8.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			2.4	2.5	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>82.2</b>	<b>93.4</b>	<b>87.1</b>	<b>111.6</b>	<b>10.8%</b>	<b>14.9%</b>	<b>121.5</b>	<b>128.1</b>	<b>136.0</b>	<b>6.8%</b>	<b>14.1%</b>
Compensation of employees	54.6	60.3	61.5	71.0	9.2%	9.9%	78.9	83.6	89.1	7.9%	9.1%
Goods and services	27.6	33.1	25.5	40.6	13.8%	5.1%	42.7	44.5	46.8	4.9%	4.9%
of which:											
Computer services	1.5	1.2	1.2	0.8	-18.4%	0.2%	1.0	1.0	1.0	7.3%	0.1%
Operating leases	0.5	0.9	0.9	0.4	-7.4%	0.1%	1.9	1.5	1.5	55.1%	0.1%
Property payments	0.4	0.6	0.6	0.6	13.4%	0.1%	0.6	0.7	0.7	6.1%	0.1%
Travel and subsistence	7.6	11.3	6.5	12.1	16.5%	1.5%	11.5	13.8	14.0	5.0%	1.5%

Table 18.15 Labour Policy and Industrial Relations

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Transfers and subsidies</b>	<b>443.0</b>	<b>501.4</b>	<b>532.4</b>	<b>652.5</b>	<b>13.8%</b>	<b>85.0%</b>	<b>748.3</b>	<b>798.1</b>	<b>840.4</b>	<b>8.8%</b>	<b>85.9%</b>
Departmental agencies and accounts	417.9	472.0	502.9	620.2	14.1%	80.4%	714.5	762.8	803.2	9.0%	82.0%
Foreign governments and international organisations	10.7	14.2	13.7	15.6	13.4%	2.2%	16.5	17.3	18.3	5.4%	1.9%
Non-profit institutions	14.4	15.1	15.8	16.5	4.7%	2.5%	17.3	17.9	18.9	4.6%	2.0%
Households	–	0.1	0.0	0.2	–	–	–	–	–	-100.0%	–
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.2</b>	<b>0.3</b>	<b>75.0%</b>	<b>–</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-59.4%</b>	<b>–</b>
Machinery and equipment	0.1	0.0	0.2	0.3	75.0%	–	0.0	0.0	0.0	-59.4%	–
<b>Total</b>	<b>525.2</b>	<b>594.9</b>	<b>619.7</b>	<b>764.5</b>	<b>13.3%</b>	<b>100.0%</b>	<b>869.9</b>	<b>926.2</b>	<b>976.4</b>	<b>8.5%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>28.8%</b>	<b>29.6%</b>	<b>30.5%</b>	<b>31.3%</b>			<b>34.4%</b>	<b>34.6%</b>	<b>32.0%</b>		

## Details of selected transfers and subsidies

Foreign governments and international organisations											
<b>Current</b>	<b>10.7</b>	<b>14.2</b>	<b>13.7</b>	<b>15.6</b>	<b>13.4%</b>	<b>2.2%</b>	<b>16.5</b>	<b>17.3</b>	<b>18.3</b>	<b>5.4%</b>	<b>1.9%</b>
International Labour Organisation	10.2	13.7	13.1	14.9	13.3%	2.1%	15.7	16.6	17.4	5.4%	1.8%
African Regional Labour Administration Centre	0.5	0.5	0.6	0.7	15.4%	0.1%	0.7	0.8	0.8	5.3%	0.1%
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
<b>Current</b>	<b>417.9</b>	<b>472.0</b>	<b>502.9</b>	<b>620.2</b>	<b>14.1%</b>	<b>80.4%</b>	<b>714.5</b>	<b>762.8</b>	<b>803.2</b>	<b>9.0%</b>	<b>82.0%</b>
Commission for Conciliation, Mediation and Arbitration	402.0	448.1	478.7	594.4	13.9%	76.8%	687.1	734.0	772.9	9.1%	78.8%
National Economic Development and Labour Council	15.9	23.9	24.2	25.8	17.6%	3.6%	27.4	28.8	30.3	5.5%	3.2%
Non-profit institutions											
<b>Current</b>	<b>14.4</b>	<b>15.1</b>	<b>15.8</b>	<b>16.5</b>	<b>4.7%</b>	<b>2.5%</b>	<b>17.3</b>	<b>17.9</b>	<b>18.9</b>	<b>4.6%</b>	<b>2.0%</b>
Strengthen civil society	14.4	15.1	15.8	16.5	4.7%	2.5%	17.3	17.9	18.9	4.6%	2.0%

## Personnel information

Table 18.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Labour Policy and Industrial Relations	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
Salary level	193	1	173	61.5	0.4	197	69.9	0.4	194	78.9	0.4	194	83.6	0.4	194	89.1	0.5	-0.5%	100.0%
1 – 6	22	–	22	5.2	0.2	22	4.2	0.2	22	4.7	0.2	22	5.0	0.2	22	5.4	0.2	–	11.3%
7 – 10	130	1	115	36.5	0.3	133	36.9	0.3	131	41.5	0.3	131	44.0	0.3	131	46.8	0.4	-0.5%	67.5%
11 – 12	29	–	28	13.0	0.5	30	18.0	0.6	29	20.4	0.7	29	21.6	0.7	29	23.1	0.8	-1.1%	15.0%
13 – 16	12	–	8	6.8	0.8	12	10.8	0.9	12	12.3	1.0	12	13.0	1.1	12	13.9	1.2	–	6.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on protecting vulnerable workers by reviewing and making sectoral determinations, promoting sound labour relations and equity in the labour market, as well as enforcing and monitoring the Employment Equity Act (1998). This focus is reflected in the transfers to the Commission for Conciliation, Mediation and Arbitration and the National Economic and Labour Council, as well as under goods and services in travel, advertising and venues and facilities. The focus on promoting sound labour relations will continue, with a particular emphasis on the resolution of industrial action and the reduction of tension and violence in the labour market. The bulk of the programme's budget continues to be transferred to the Commission for Conciliation, Mediation and Arbitration for dispute prevention and resolution services. In the 2013 Budget, the commission was allocated additional funds to address increasing caseloads arising from

amendments to the labour laws; the rollout of a web based case management system; expansion of access to dispute resolution services as well as a job saving unit and the aforementioned accounts for the increased spending on the transfer to the Commission between 2010/11 and 2013/14.

R16 million over the medium term has been reprioritised from goods and services in the *Research, Policy and Planning* subprogramme due to the overlap of research projects, which reduced the number of planned projects in a year. Of the R16 million, R14.3 million will be used in the *International Labour Matters* subprogramme to provide for the rising affiliation fees for the International Labour Organisation subprogramme, to cover the cost of implementing amendments to the Labour Relations Act (1995) and work relating to labour tenants in terms of amendments to the Basic Conditions of Employment Act (1997) in the *Employment Standards* subprogramme. Of the 27 conventions ratified by South Africa, 25 are in force, 2 have been denounced, and 3 have been ratified in the past 12 months. In addition, R7.5 million over the medium term is reprioritised from the *Inspection and Enforcement Services* programme to this programme for 4 additional posts, of which 3 will be in the *International Labour Matters* subprogramme.

The total number of personnel in this programme is expected to increase from 173 posts in 2012/13 to 194 filled posts in 2016/17, with a corresponding increase in spending on compensation of employees. This forms part of the effort to capacitate the programme to promote sound labour relations and equity in the labour market.

Spending on consultants was equivalent to 10.6 per cent of total expenditure on compensation of employees in 2013/14, and is expected to grow from R6.7 million in 2014/15 to R7.8 million in 2016/17 due to the commissioning of six research reports. As research topics and requirements vary from year to year, it is more cost-efficient for the department to engage external research specialists as consultants than to employ permanent staff. In 2013/14, this programme contracted three consulting companies to undertake three research projects.

## **Public entities and other agencies**

### **Commission for Conciliation, Mediation and Arbitration**

#### **Mandate and goals**

The Commission for Conciliation, Mediation and Arbitration is an independent and autonomous organisation that was established by the Labour Relations Act (1995) to ensure fair labour practices. The commission's mandate to deal with workplace disputes as effectively and efficiently as possible is derived from the act's purposes, which include the advancement of economic development, social justice, labour peace and the democratisation of the workplace.

The commission's strategic goals over the medium term are to:

- enhance the role of the commission in the labour market through the provision of effective dispute resolution under the auspices of the bargaining councils and private agencies
- provide support and assistance to local, regional and international organisations
- facilitate social dialogue and economic development on identified labour market issues locally and internationally
- deliver excellent service rooted in social justice, ensuring a balance between quality and quantity
- enhance and entrench internal processes and systems for optimal deployment of resources
- entrench an organisational culture that supports delivery of its mandate.

## Selected performance indicators

**Table 18.17 Commission for Conciliation, Mediation and Arbitration**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of jurisdiction referrals per year	Social services	Outcome 4: Decent employment through inclusive economic growth	119 362	131 298	130 978	143 652	158 017	197 170	207 029
Percentage (and numbers) of pre-conciliations heard per year	Social services		15% (18 205)	10% (20 026)	17% (22 438)	10% (14 365)	10% (15 801)	10% (19 717)	10% (20 702)
Percentage (and numbers) of pre-conciliations settled (of jurisdiction cases) per year	Social services		7% (8 533)	7% (9 386)	9% (11 419)	7% (10 056)	7% (11 061)	7% (13 802)	7% (14 492)
Percentage (and numbers) of con-arbs heard (of jurisdiction referrals) per year	Social services		41% (49 222)	50% (54 144)	41% (53 060)	50% (71 826)	50% (79 009)	50% (98 585)	50% (103 515)
Percentage (and numbers) of con-arbs finalised of jurisdiction referrals per year	Social services		34% (41 086)	40% (45 195)	36% (47 241)	35% (50 278)	35% (55 306)	35% (69 010)	35% (72 460)
Number of cases settled (based on finalised cases) per year	Social services		71 976	79 174	83 917	100 556	110 612	115 918	121 714

## Programmes/activities/objectives

**Table 18.18 Commission for Conciliation, Mediation and Arbitration**

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
Administration	199.0	249.4	291.7	283.8	12.6%	53.6%	309.9	336.2	363.0	8.5%	45.4%
Institutional development	8.5	13.9	17.1	39.0	66.2%	3.8%	41.9	45.0	48.3	7.4%	6.1%
Corporate governance	2.3	1.8	1.8	0.9	-26.5%	0.4%	1.0	1.0	1.1	5.4%	0.1%
Social services	171.6	162.8	197.9	284.5	18.4%	42.2%	348.8	367.0	376.5	9.8%	48.3%
<b>Total expense</b>	<b>381.3</b>	<b>427.9</b>	<b>508.5</b>	<b>608.2</b>	<b>16.8%</b>	<b>100.0%</b>	<b>701.5</b>	<b>749.1</b>	<b>788.8</b>	<b>9.1%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 18.19 Commission for Conciliation, Mediation and Arbitration**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>11.2</b>	<b>12.1</b>	<b>18.0</b>	<b>13.7</b>	<b>7.0%</b>	<b>2.8%</b>	<b>14.4</b>	<b>15.1</b>	<b>15.9</b>	<b>5.0%</b>	<b>2.1%</b>
Sale of goods and services other than capital assets	1.5	2.8	2.5	2.6	19.8%	0.5%	2.7	2.9	3.0	5.0%	0.4%
<i>of which:</i>											
Other sales	1.5	2.8	2.5	2.6	19.8%	0.5%	2.7	2.9	3.0	5.0%	0.4%
Other non-tax revenue	9.7	9.3	15.6	11.2	4.8%	2.3%	11.7	12.3	12.9	5.0%	1.7%
<b>Transfers received</b>	<b>402.0</b>	<b>448.1</b>	<b>481.6</b>	<b>594.4</b>	<b>13.9%</b>	<b>97.2%</b>	<b>687.1</b>	<b>734.0</b>	<b>772.9</b>	<b>9.1%</b>	<b>97.9%</b>
<b>Total revenue</b>	<b>413.2</b>	<b>460.2</b>	<b>499.7</b>	<b>608.2</b>	<b>13.7%</b>	<b>100.0%</b>	<b>701.5</b>	<b>749.1</b>	<b>788.8</b>	<b>9.1%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>381.3</b>	<b>427.9</b>	<b>508.5</b>	<b>608.2</b>	<b>16.8%</b>	<b>100.0%</b>	<b>701.5</b>	<b>749.1</b>	<b>788.8</b>	<b>9.1%</b>	<b>100.0%</b>
Compensation of employees	130.9	143.8	163.9	184.1	12.1%	32.6%	204.6	227.1	249.8	10.7%	30.4%
Goods and services	249.9	282.3	336.3	414.4	18.4%	66.4%	486.8	511.4	527.8	8.4%	68.2%
Depreciation	0.6	1.8	8.3	9.6	150.0%	1.0%	10.2	10.7	11.3	5.4%	1.5%
<b>Total expenses</b>	<b>381.3</b>	<b>427.9</b>	<b>508.5</b>	<b>608.2</b>	<b>16.8%</b>	<b>100.0%</b>	<b>701.5</b>	<b>749.1</b>	<b>788.8</b>	<b>9.1%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>32.0</b>	<b>32.0</b>	<b>(9.0)</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Personnel information

**Table 18.20 Commission for Conciliation, Mediation and Arbitration**

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
	488	488	441	163.9	0.4	488	184.1	0.4	494	204.6	0.4	494	227.1	0.5	494	249.8	0.5	10.7%	100.0%	
1 – 6	94	94	82	11.9	0.1	94	13.5	0.1	95	14.9	0.2	95	16.7	0.2	95	18.6	0.2	11.3%	19.2%	
7 – 10	315	315	290	98.4	0.3	315	109.8	0.3	318	122.0	0.4	318	135.0	0.4	318	149.4	0.5	10.8%	64.4%	
11 – 12	66	66	58	35.8	0.6	66	40.7	0.6	68	45.2	0.7	68	50.4	0.7	68	53.9	0.8	9.8%	13.7%	
13 – 16	13	13	11	17.8	1.6	13	20.2	1.6	13	22.4	1.7	13	25.0	1.9	13	27.9	2.1	11.3%	2.6%	

1. Rand million.

## Expenditure trends

The spending focus over the medium term will be on improving service delivery, as well as expanding access to dispute resolution services. Increased spending from 2013/14 and over the medium term is attributed to additional allocations approved in the 2013 Budget for increasing caseloads arising from labour law amendments, expanded access to the commission's services through the rollout of the web based case management system to labour centres and bargaining councils, the establishment of a dedicated employment security unit to take forward the training layoff scheme, and the opening of new offices in the Vaal triangle area in Gauteng and in Welkom in Free State. The latter two developments account for the growth in spending in the institutional development programme, at an average annual rate of 128.2 per cent between 2012/13 and 2013/14.

Spending by the commission is driven by the number of cases referred to it. The increase in the number of jurisdiction case referrals from 143 652 cases in 2013/14 to 207 029 cases in 2016/17 accounts for the increased spending on goods and services and compensation of employees over this period. The growth in spending on compensation of employees between 2010/11 and 2012/13 is attributed to the filling of existing vacant posts to improve service delivery, more back office support, and inflationary salary adjustments. Spending in the social services programme grew at a rate of 18.4 per cent between 2010/11 and 2013/14 due to project costs for the implementation of the labour legislation amendments, and is set to grow strongly over the medium term due to increasing caseloads arising from these labour legislation amendments.

The commission's main source of revenue is the annual transfer it receives from the department. Total revenue grew at an average annual rate of 13.7 per cent from 2010/11 to 2013/14 due to an increase in transfers to provide for the heavier case load and the expansion of services. The increase in revenue, driven by the increase in transfers, also allowed the commission to open two new offices, roll out the web based case management system to bargaining councils and labour centres and hear more labour dispute cases. Revenue is set to moderate to 9.1 per cent over the medium term.

Between 2010/11 and 2013/14, revenue from other sales grew at an average annual rate of 19.8 per cent, mainly driven by the demand for Commission of Conciliation, Mediation and Arbitration gazetted services available to the public, such as the resolution of disputes with pre-dismissal arbitration, and the oversight of elections or ballots held by trade unions or employers' organisations. Between 2011/12 and 2013/14, other non-tax revenue fluctuated as a result of changes in the rate at which interest is earned on investments.

The commission aims to reduce its operational overheads by cutting printing and electricity costs through raising awareness of its greening project, identifying cost savings for travel and accommodation and monitoring spending at cost centres against approved budgets. Spending in the corporate governance programme between 2010/11 and 2012/13 decreased at an average annual rate of 26.5 per cent due to cost saving measures implemented on communication and travel and accommodation.

The number of personnel in this entity is expected to increase from 441 in 2012/13 to 494 in 2014/15, mainly due to funding allocated to address the increasing case loads and the establishment of new offices. This also accounts for the significant increase on compensation of employees and goods and services in respect of case

disbursement costs especially the payment of part-time commissioners in this period. The number of personnel is set to stabilise at 494 over the medium term.

## Compensation Fund

### Mandate and goals

The Compensation Fund administers the Compensation for Occupational Injuries and Diseases Act (1993). The main objective of the act is to provide compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees, or for death resulting from such injuries or diseases.

The fund's strategic goals over the medium term are to:

- provide an efficient social safety net
- enhance the quality of, and access to, services provided in terms of the act through the decentralisation of these services to all provinces, and conduct campaigns to educate employees about the act
- improve revenue collection
- integrate the fund with government's comprehensive social security reforms
- strengthen corporate governance
- intensify the implementation of the rehabilitation and reintegration policy framework.

### Selected performance indicators

**Table 18.21 Compensation Fund**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage growth in assessment revenue per year	Administration	Outcome 4: Decent employment through inclusive economic growth	8.3% (R4.9bn)	2.3% (R5bn)	5% (R5.3bn)	5% (R5.6bn)	5% (R5.8bn)	5% (R6.1bn)	5% (R6.4bn)
Percentage increase in the number of registered employers per year	Administration		5% (422 371)	5% (443 490)	5% (488 947)	5% (513 395)	5% (539 064)	5% (566 017)	5% (594 318)
Number of new claims registered per year	Operations related to the Compensation for Occupational Injuries and Diseases Act (1993)		215 493	449 742	196 509	369 000	805 905	846 200	896 972
Percentage of registered claims finalised per year	Operations related to the Compensation for Occupational Injuries and Diseases Act (1993)		67% (144 081)	33% (148 403)	65.8% (129 405)	77% (295 200)	86% (693 078)	86% (727 732)	95% (741 456)
Percentage of medical claims finalised per year within a 3-month period	Operations related to the Compensation for Occupational Injuries and Diseases Act (1993)		64% (226 382)	45% (107 475)	65% (89 345)	70% (71 923)	84% (287 538)	84% (642 818)	90% (675 678)
Percentage increase in the number of registered employers per year	Operations related to the Compensation for Occupational Injuries and Diseases Act (1993)		5% (443 490)	2% (452 084)	8% (488 947)	5% (513 395)	5% (539 065)	5% (566 017)	5% (594 320)

### Programmes/activities/objectives

**Table 18.22 Compensation Fund**

R million	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
Administration	525.4	639.2	887.8	821.9	16.1%	16.5%	814.5	847.2	931.0	4.2%	16.7%	
Compensation for Occupational Injuries and Diseases Act (1993) operations	3 368.2	5 767.5	3 028.2	3 282.2	-0.9%	83.4%	4 371.8	4 659.9	4 889.4	14.2%	82.9%	
Provincial operations: Compensation for Occupational Injuries and Diseases Act (1993) operations	-	-	-	19.3	-	0.1%	22.5	23.8	25.1	9.2%	0.4%	
<b>Total expense</b>	<b>3 893.6</b>	<b>6 406.7</b>	<b>3 916.0</b>	<b>4 123.4</b>	<b>1.9%</b>	<b>100.0%</b>	<b>5 208.7</b>	<b>5 530.9</b>	<b>5 845.5</b>	<b>12.3%</b>	<b>100.0%</b>	

## Expenditure estimates

**Table 18.23 Compensation Fund**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
	R million							2013/14 - 2016/17				
<b>Revenue</b>												
Non-tax revenue	2 671.4	3 476.8	4 877.4	2 702.9	0.4%	35.5%	2 807.5	2 916.4	3 029.8	3.9%	25.4%	
Other non-tax revenue	2 671.4	3 476.8	4 877.4	2 702.9	0.4%	35.5%	2 807.5	2 916.4	3 029.8	3.9%	25.4%	
Transfers received	4 866.0	4 978.3	7 375.3	7 817.9	17.1%	64.5%	8 208.8	8 619.2	9 050.1	5.0%	74.6%	
<b>Total revenue</b>	<b>7 537.4</b>	<b>8 455.0</b>	<b>12 252.7</b>	<b>10 520.8</b>	<b>11.8%</b>	<b>100.0%</b>	<b>11 016.3</b>	<b>11 535.6</b>	<b>12 079.9</b>	<b>4.7%</b>	<b>100.0%</b>	
<b>Expenses</b>												
Current expenses	675.4	781.4	1 013.5	874.9	9.0%	19.2%	1 017.7	1 076.2	1 157.8	9.8%	20.0%	
Compensation of employees	184.7	212.0	336.5	400.1	29.4%	6.6%	448.2	448.4	497.4	7.5%	8.7%	
Goods and services	487.0	566.0	674.0	471.2	-1.1%	12.5%	565.8	624.1	656.6	11.7%	11.2%	
Depreciation	1.8	1.9	2.8	3.5	23.7%	0.1%	3.6	3.6	3.7	2.3%	0.1%	
Interest, dividends and rent on land	1.9	1.6	0.1	0.2	-56.8%	0.0%	0.2	0.2	0.2	4.1%	0.0%	
Transfers and subsidies	3 218.1	5 625.3	2 902.5	3 248.5	0.3%	80.8%	4 191.0	4 469.0	4 687.7	13.0%	80.0%	
<b>Total expenses</b>	<b>3 893.6</b>	<b>6 406.7</b>	<b>3 916.0</b>	<b>4 123.4</b>	<b>1.9%</b>	<b>100.0%</b>	<b>5 208.7</b>	<b>5 545.2</b>	<b>5 845.5</b>	<b>12.3%</b>	<b>100.0%</b>	
<b>Surplus/(Deficit)</b>	<b>3 644.0</b>	<b>2 048.0</b>	<b>8 337.0</b>	<b>6 397.0</b>	<b>20.6%</b>		<b>5 808.0</b>	<b>5 990.0</b>	<b>6 234.0</b>	<b>-0.9%</b>		

## Personnel information

**Table 18.24 Compensation Fund**

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
			2012/13		2013/14		2014/15			2015/16			2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
	1 334	1 334	1 334	336.5	0.3	772	400.1	0.5	1 334	448.2	0.3	1 334	448.4	0.3	1 334	497.4	0.4	7.5%	100.0%
1 – 6	740	740	740	148.7	0.2	670	135.5	0.2	740	140.9	0.2	740	138.0	0.2	740	153.2	0.2	4.2%	63.3%
7 – 10	514	514	514	155.0	0.3	59	190.9	3.2	514	221.7	0.4	514	223.5	0.4	514	248.2	0.5	9.1%	30.8%
11 – 12	54	54	54	10.4	0.2	30	36.3	1.2	54	42.1	0.8	54	42.7	0.8	54	47.2	0.9	9.2%	4.0%
13 – 16	26	26	26	22.5	0.9	13	37.4	2.9	26	43.4	1.7	26	44.1	1.7	26	48.7	1.9	9.2%	1.9%

1. Rand million.

## Expenditure trends

The Compensation Fund's main source of revenue is the levies payable by employers based on a determined percentage of the annual earnings of their employees. The Compensation for Occupational Injuries and Diseases Act (1993), however, makes provision for a minimum assessment to ensure that the assessment is not less than the administration costs incurred. The increase in total revenue between 2010/11 and 2013/14, is as a result of increased compliance by employers in submitting their annual return on earnings for assessments, revenue from debt collection and increased return on investments. Total revenue collected is expected to slow to an average annual rate of 5 per cent over the medium term.

The spending focus over the medium term will be on making timeous payments to all deserving and qualifying beneficiaries as stipulated in the Compensation for Occupational Injuries and Diseases Act (1993), as well as finalising the decentralisation project aimed at ensuring easy access to compensation fund services throughout South Africa, which began in 2010.

Spending on compensation of employees increased significantly between 2010/11 to 2013/14, due to the restructuring process taking place within the fund. The process involves employing more skilled personnel and finalising the decentralisation project to provinces. In 2012/13, the fund processed and paid 325 502 claims compared to 205 150 in 2011/12 and the increase was mainly due to these improvements. At the end of November 2013, there were 772 filled posts against a funded establishment of 1 334 posts.

The notable decrease on payment of interest, interest, dividends, and rent on land between 2010/11 and 2013/14 is as a result of the timeous payment of invoices by the fund. Goods and services spending grows much higher

than inflation over the seven year-period, mainly due to the concomitant costs of filling vacant posts and increased relocation and resettlement costs arising from the transfer of staff to various provinces. The expenditure increase over the medium term is in line with performance projections of the fund, in terms of which the number of claims registered and finalised per year is estimated to grow from 295 200 in 2013/14 to 741 456 by 2016/17. The projected strong growth in transfers and subsidies paid over the medium term is as a result of the fund contracting a service provider for the processing of claims.

Over the medium term, spending on benefits paid or transfers and subsidies is estimated to grow at an average annual rate of 13.0 per cent due to:

- a review and adjustments to existing benefit structures including a 6 per cent increase to monthly compensation pension
- a 7 per cent increase to the salary ceiling from R292 032 to R312 480 per annum for assessment purposes
- the minimum earnings increasing by 7 per cent from R3 406 to R3 645 per month for the lump sum payments of temporary total disablement benefits and permanent disablement benefits
- maximum earnings increasing by 7 per cent from R24 336 to R26 040
- the minimum payment being increased to R1 000 per month for all pensioners, widowers and widows.

The fund is continuously implementing effective cost control measures that target administrative costs such as catering, venues and facilities and travel. The fund is finalising the permanent deployment of staff to all provinces, which will also decrease the amount of expenses related to travel and subsistence.

The fund plans to fill 75 per cent of vacant posts over the medium term as services are decentralised to the provinces.

## Unemployment Insurance Fund

### Mandate and strategic goals

The mandate of the Unemployment Insurance Fund is to contribute to the alleviation of poverty by providing effective short term unemployment insurance to all workers who qualify for unemployment and related benefits as legislated in the Unemployment Insurance Act (2001). The fund is financed by contributions from employees and employers as legislated in the Unemployment Insurance Contributions Act (2002).

The fund's strategic goals over the medium term are to:

- improve governance and strengthen the institutional capacity of the fund
- meet all the targeted service levels and turnaround times in the processing of applications
- contribute to government anti-poverty initiatives through investing mandated funds in socially responsible investments and expanding poverty alleviation programmes
- improve stakeholder relations.

### Selected performance indicators

**Table 18.25 Unemployment Insurance Fund**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage (and amount) increase in revenue contributions per year	Business operations	Outcome 4: Decent employment through inclusive economic growth	5.3% (R10.8 bn)	6% (R11.3bn)	10% (R13.5bn)	6%	6%	6%	6%
Percentage (and number) of claims finalised within 5 weeks of application per year	Business operations		73% (547 399)	80% (578 014)	86%	85%	90%	95%	95%
Percentage (and number) increase in number of employers using u-filing system per year	Business operations		73% (11 152)	56% (14 167)	18.4% (6 619)	30%	25%	30%	30%

**Table 18.25 Unemployment Insurance Fund**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage of rand value of overpayment balance collected	Business operations	Outcome 4: Decent employment through inclusive economic growth	22% (R58m)	18% (R72m)	18.4% (R62.6m)	20%	25%	30%	30%
Number of initiatives approved by the Unemployment Insurance Fund per year	Labour activation programmes		2	3	2	3	9	9	9
Percentage of total mandated social responsibility investment invested per year	Labour activation programmes		47% (R1.0bn)	70% (R2.5bn)	109.44% (R3.6bn)	80%	80%	80%	80%

**Programmes/activities/objectives****Table 18.26 Unemployment Insurance Fund**

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
R million											
Administration	303.2	353.5	404.7	634.1	27.9%	5.7%	701.2	727.2	768.5	6.6%	5.6%
Business operations	5 684.0	6 469.3	6 722.3	7 920.1	11.7%	92.3%	10 519.0	13 402.3	14 435.9	22.2%	89.1%
Labour activation programmes	48.2	22.7	32.1	610.0	133.0%	2.1%	610.0	695.0	731.8	6.3%	5.3%
<b>Total expense</b>	<b>6 035.4</b>	<b>6 845.6</b>	<b>7 159.1</b>	<b>9 164.2</b>	<b>14.9%</b>	<b>100.0%</b>	<b>11 830.2</b>	<b>14 824.5</b>	<b>15 936.2</b>	<b>20.3%</b>	<b>100.0%</b>

**Expenditure estimates****Table 18.27 Unemployment Insurance Fund**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>4 293.1</b>	<b>6 398.8</b>	<b>9 666.9</b>	<b>5 408.0</b>	<b>8.0%</b>	<b>32.5%</b>	<b>6 173.7</b>	<b>6 965.0</b>	<b>7 840.3</b>	<b>13.2%</b>	<b>28.5%</b>
Sale of goods and services other than capital assets	2.3	1.9	2.1	3.0	10.4%	0.0%	2.7	2.8	3.0	-0.6%	0.0%
of which:											
Sales by market establishment	2.2	1.9	2.1	2.1	-1.6%	0.0%	2.3	2.5	2.6	7.1%	0.0%
Other sales	0.0	-	0.1	0.9	189.3%	0.0%	0.3	0.4	0.4	-25.2%	0.0%
Other non-tax revenue	4 290.8	6 396.9	9 664.8	5 405.0	8.0%	32.5%	6 171.0	6 962.2	7 837.4	13.2%	28.5%
<b>Transfers received</b>	<b>11 204.3</b>	<b>12 284.3</b>	<b>13 498.5</b>	<b>15 024.5</b>	<b>10.3%</b>	<b>67.5%</b>	<b>15 975.2</b>	<b>16 927.6</b>	<b>17 900.9</b>	<b>6.0%</b>	<b>71.5%</b>
<b>Total revenue</b>	<b>15 497.3</b>	<b>18 683.1</b>	<b>23 165.4</b>	<b>20 432.5</b>	<b>9.7%</b>	<b>100.0%</b>	<b>22 148.9</b>	<b>23 892.6</b>	<b>25 741.3</b>	<b>8.0%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>1 017.9</b>	<b>1 145.0</b>	<b>1 253.9</b>	<b>1 630.5</b>	<b>17.0%</b>	<b>17.2%</b>	<b>1 760.0</b>	<b>1 847.8</b>	<b>1 953.1</b>	<b>6.2%</b>	<b>14.3%</b>
Compensation of employees	515.0	575.5	649.7	828.2	17.2%	8.8%	899.8	957.4	1 017.7	7.1%	7.4%
Goods and services	497.3	562.7	600.0	791.2	16.7%	8.4%	846.5	885.8	932.8	5.6%	6.9%
Depreciation	5.6	6.9	4.3	11.2	26.0%	0.1%	13.7	4.5	2.6	-38.2%	0.1%
<b>Transfers and subsidies</b>	<b>5 017.5</b>	<b>5 700.5</b>	<b>5 905.2</b>	<b>7 533.7</b>	<b>14.5%</b>	<b>82.8%</b>	<b>10 070.1</b>	<b>12 976.7</b>	<b>13 983.1</b>	<b>22.9%</b>	<b>85.7%</b>
<b>Total expenses</b>	<b>6 035.4</b>	<b>6 845.6</b>	<b>7 159.1</b>	<b>9 164.2</b>	<b>14.9%</b>	<b>100.0%</b>	<b>11 830.2</b>	<b>14 824.5</b>	<b>15 936.2</b>	<b>20.3%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>9 462.0</b>	<b>11 838.0</b>	<b>16 006.0</b>	<b>11 268.0</b>	<b>6.0%</b>		<b>10 319.0</b>	<b>9 068.0</b>	<b>9 805.0</b>	<b>-4.5%</b>	

## Personnel information

**Table 18.28 Unemployment Insurance Fund**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	1 706	1 706	1 706	649.7	0.4	1 718	828.2	0.5	1 718	899.8	0.5	1 718	957.4	0.6	1 718	1 017.7	0.6	7.1%	100.0%
1 – 6	990	990	990	316.0	0.3	990	402.7	0.4	990	437.6	0.4	990	465.6	0.5	990	495.0	0.5	7.1%	57.6%
7 – 10	624	624	624	264.6	0.4	628	337.3	0.5	628	366.5	0.6	628	389.9	0.6	628	414.5	0.7	7.1%	36.6%
11 – 12	75	75	75	50.6	0.7	78	64.6	0.8	78	70.2	0.9	78	74.7	1.0	78	79.4	1.0	7.1%	4.5%
13 – 16	17	17	17	18.5	1.1	22	23.5	1.1	22	25.5	1.2	22	27.2	1.2	22	28.9	1.3	7.1%	1.3%

1. Rand million.

## Expenditure trends

Over the seven-year period, the Unemployment Insurance Fund receives 68.9 per cent of its total revenue from unemployment contributions. The fund projects that over the medium term it will generate on average 71.5 per cent of its revenue from unemployment contributions due to an anticipated increase in contributors to the fund as the economy recovers, and 28.5 per cent from non-tax revenue in the form of interest from investments.

Over the medium term, the fund will focus its spending on paying benefits to qualifying persons and implementing poverty alleviation schemes to assist unemployed workers registered on the fund's database.

Spending on compensation of employees grew at an average annual rate of 17.2 per cent between 2010/11 and 2012/13, mainly due to the implementation of the new organisational structure, the appointment of payroll auditors and general salary adjustments. The new organisational structure will allow the fund to reduce spending on consultants over the medium term as a greater proportion of functions, such as IT services, internal audit and risk management, are to be done in-house. These changes account for the expected increase in spending on compensation of employees over this period.

Between 2010/11 and 2013/14, spending on goods and services grew at an average annual rate of 16.7 per cent, mainly due to increased spending on lease payments at service delivery points in provincial offices as the fund decentralises its services; increased commission paid to the South African Revenue Service for collection of Unemployment Insurance Fund contributions, which is in line with increases in revenue collected; and the provision of in-house IT services following the termination of the IT public private partnership in November 2012.

Unemployment insurance claims grew between 2010/11 and 2012/13, due to increased retrenchments arising from the prevailing unfavourable economic conditions in the country. Transfers and subsidies or benefits paid over the medium term are projected to grow at an average annual rate of 22.9 per cent, compared to growth of 14.5 per cent between 2010/11 and 2013/14. This growth is a result of the recommended benefit improvements contained in the draft Unemployment Insurance Fund Amendment Bill of 2012. The bill proposes a number of benefit improvements, including the extension of the number of credit days from 243 to 365 days; the extension of the claim period of death benefits from 6 to 18 months; the provision of full benefits to women who miscarry; the extension of the period from 6 to 18 months during which dependants can claim deceased contributors' benefits; and a reduction of the number of days for the claiming of illness benefits from 14 to 7 days.

The fund fulfilled its mandate in 2012/13 and paid R6 billion in claims to 731 131 beneficiaries of which:

- R4.7 billion was paid to 581 074 claimants for unemployment benefits
- R254.2 million was paid to 20 986 claimants for illness benefits
- R765.9 million was paid to 106 339 claimants for maternity and adoption benefits
- R320.6 million was paid to 22 732 claimants for dependant benefits.

The fund continued with cost saving measures in 2013/14 to reduce air travel, the use of shuttle services, car rental, accommodation, catering costs and the number of meetings held. Further measures have led to less audit work being done externally and consequent savings realised on audit fees.

The fund has an approved funded establishment of 1 706 posts, which increased to 1 718 posts from 2013/14 onwards. 96 posts were vacant at the semi-skilled and skilled levels at the end of November 2013 as a result of recently created prioritised new posts. To reduce delays in appointments, the fund has amended its recruitment and selection processes to ensure that appointments are made immediately once internal processes are completed. Six consulting firms were used for IT services, internal audit and risk management in 2013/14 but this will be reduced over the medium term as in-house capacity is built.

### **Other public entities and agencies**

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **National Economic Development and Labour Council** requires organised labour, organised business, community based organisations and government to work as a collective to promote the goals of economic growth and social and economic equity. The council's total budget for 2014/15 is R28.1 million.
- **Productivity South Africa** aims to improve the productive capacity of the economy through interventions that encourage social dialogue and collaboration between government, labour and business. The entity's total budget for 2014/15 is R43.1 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate	
				2010/11	2011/12		2013/14	2014/15
<b>Departmental infrastructure</b>								
R million								
Rustenburg labour centre: Construction of building	New labour centre	Construction	16.0	1.9	7.5	4.9	-	-
Mount Ayliff: Site clearance	New labour centre	Various	15.2	0.1	-	0.2	-	-
Ga-rankuwa: Site clearance	New labour centre	Various	0.3	-	-	0.1	-	-
Middelburg: Site clearance	New labour centre	Various	0.5	-	0.1	-	-	-
Athlone: Site clearance	New labour centre	Various	1.6	-	-	-	-	-
Cape Town: Site clearance	New labour centre	Various	13.0	-	0.1	-	-	-
Swellendam: Site clearance	New labour centre	Various	0.5	-	-	-	-	-
Vredenburg: Site clearance	New labour centre	Various	1.6	-	-	-	-	-
Somerset West: Site clearance	New labour centre	Various	2.1	-	-	-	-	-
Krystna: Site clearance	New labour centre	Various	1.5	-	-	-	-	-
Belville: Site clearance	New labour centre	Various	0.4	-	-	-	-	-
Vredendal: Site clearance	New labour centre	Various	0.4	-	-	-	-	-
Ceres: Site clearance	New labour centre	Various	0.5	-	-	-	-	-
Volksrust: Site clearance	New labour centre	Various	0.4	-	0.1	-	-	-
Carltonville: Site clearance	New labour centre	Various	0.0	-	-	-	-	-
Secunda: Site clearance	New labour centre	Various	2.0	-	0.2	-	-	-
Taung: Site clearance	New labour centre	Various	0.5	0.3	-	-	-	-
Security: Wendy houses	Labour centres security Wendy houses	Various	0.1	-	-	0.0	0.0	-
Security: Wendy houses at minister's parking	Security: Wendy houses at minister's parking at Laboria House	Various	0.0	-	-	-	-	-
Brokhorstspuit: Site clearance	New labour centre	Various	0.3	0.2	-	-	-	-
Lusikiski: Site clearance	New labour centre	Various	0.3	0.1	0.2	-	-	-
Lebowakgomo: Site clearance	New labour centre	Various	0.8	0.2	0.4	-	-	-
Sabie: Site clearance	New labour centre	Various	0.5	0.3	0.0	-	-	-
Carolina: Site clearance	New labour centre	Various	0.5	0.3	0.0	-	-	-
Kwamthlanga: Site clearance	New labour centre	Various	0.5	0.3	0.1	-	-	-
Durban labour centre: Repairs	Electrical and mechanical repairs	Various	2.7	-	0.1	-	-	-
Other labour centres	Various construction, such as electrical repairs	Various	1.2	1.2	-	-	-	-
Temba labour centre: Site clearance	New labour centre	Design	0.4	-	-	0.2	-	-
Pretoria, Silverton: Sheltered employment factory head office: Second follow-on repair and maintenance programme	Maintaining sheltered employment head office to be occupational health and safety compliant	Various	13.6	0.8	0.1	-	-	-
Pretoria head office: Laboria House: First follow-on repair and maintenance programme	Maintaining head office building to be occupational health and safety compliant	Construction	15.4	5.1	2.3	-	-	-
Gauteng South: Roodeploort, Carltonville, Krugersdorp and Sandton: Repair and maintenance programme	Maintaining Labour centre to be occupational health and safety compliant	Design	6.7	-	-	-	-	-
Emalahleni and Mashishing labour centre: Repair and maintenance programme	Maintaining Labour centre to be occupational health and safety compliant	Design	7.6	-	-	-	-	-

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12		2012/13	2014/15	2015/16
<b>R million</b>									
<b>Departmental infrastructure</b>									
Phalaborwa, Hoedspruit and Seshogo labour centres: Repair and maintenance programme	Maintaining Labour centre to be occupational health and safety compliant	Design	4.7	-	-	-	-	-	-
Uppington and Kuruman labour centres: Repair and maintenance programme	Maintaining Labour centre to be occupational health and safety compliant	Design	4.0	-	-	-	-	-	-
Durban Masonic Grove: Repair and maintenance programme	Maintaining Labour centre to be occupational health and safety compliant	Design	8.7	-	-	-	-	-	-
East London Provincial Office: Repair and maintenance programme	Maintaining Labour centre to be occupational health and safety compliant	Design	4.9	-	-	-	-	-	-
Cape Town and Atlantis labour centre: Repair and maintenance programme	Maintaining Labour centre to be occupational health and safety compliant	Design	8.7	-	-	-	-	-	-
Kimberley sheltered employment factory: Second follow-on repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Various	8.8	3.2	-	-	-	-	-
Bloemfontein sheltered employment factory: Second follow-on repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Various	5.9	0.1	0.1	-	-	-	-
Pretoria sheltered employment factory and labour centre: Repair and maintenance programme	Maintaining labour centres and sheltered employment factories to be occupational health and safety compliant	Various	9.0	3.7	-	-	-	-	-
Emalahleni, Lydenburg and Komatipoort labour centre: Repair and maintenance programme	Maintaining Labour centre to be occupational health and safety compliant	Various	9.6	-	-	-	-	-	-
Western Cape labour centre and sheltered employment factory: Repair and maintenance programme	Maintaining labour centres and sheltered employment factories to be occupational health and safety compliant	Various	21.3	-	-	-	-	-	-
Sheltered employment factories: Repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Various	95.6	-	-	-	-	-	-
Gauteng South: Repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Various	20.5	0.9	-	-	-	-	-
<b>Total</b>			<b>309.0</b>	<b>16.9</b>	<b>7.1</b>	<b>8.6</b>	<b>5.5</b>	<b>0.0</b>	<b>-</b>

# Vote 19

## Social Development

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	275.1	272.4	–	2.6	288.3	304.6
Social Assistance	120 952.1	–	120 952.1	–	129 493.3	137 556.4
Social Security Policy and Administration	6 662.6	92.4	6 568.9	1.3	6 929.9	7 297.9
Welfare Services Policy Development and Implementation Support	586.5	217.0	367.4	2.0	607.1	638.9
Social Policy and Integrated Service Delivery	323.2	97.5	224.9	0.7	341.6	360.6
<b>Total expenditure estimates</b>	<b>128 799.4</b>	<b>679.4</b>	<b>128 113.3</b>	<b>6.7</b>	<b>137 660.1</b>	<b>146 158.4</b>

Executive authority: Minister of Social Development  
Accounting officer: Director General of Social Development  
Website address: [www.dsd.gov.za](http://www.dsd.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Ensure protection against vulnerability by creating an enabling environment for the provision of a comprehensive, integrated and sustainable social development service.*

### Mandate

The White Paper for Social Welfare (1997) sets out the principles, guidelines, policies and programmes for developmental social welfare in South Africa. It has provided the foundation for social welfare in the post-1994 era. The Department of Social Development is not established in terms of a single act; several pieces of legislation determine its mandate:

- The Social Assistance Act (2004) provides a legislative framework for providing social assistance. It sets out the different types of grants payable as well as the qualifying criteria. It also makes provision for the establishment of the inspectorate for social assistance.
- The Non-Profit Organisations Act (1997) establishes an administrative and regulatory framework within which non-profit organisations can conduct their affairs, and provides for their registration by the department.
- The Older Persons Act (2006) establishes a framework for empowering and protecting older persons, and promoting and maintaining their status, rights, wellbeing, safety and security. It provides for older persons to enjoy good quality services while staying with their families in their communities for as long as possible. It also makes provision for older persons to reside within residential care facilities if they are unable to stay with their families.
- The Children's Act (2005) sets out principles relating to the care and protection of children, and defines parental responsibilities and rights. It deals with early childhood development and early intervention, children in alternative care, foster care, child and youth centres and drop-in centres, and the adoption of children.
- The Prevention of and Treatment for Substance Abuse Act (2008) regulates substance abuse services and facilities.

- The White Paper on Population Policy for South Africa (1998) is aimed at promoting the sustainable development of all South Africans by integrating population issues with development planning in all spheres of government and all sectors of society.

## Strategic goals

The department's strategic goals over the medium term are to:

- review and reform social welfare services and financing
- improve and expand early childhood development provision
- deepen social assistance and extend the scope of the contributory social security system
- enhance the capabilities of communities to achieve sustainable livelihoods and household food security
- strengthen coordination, integration, planning, monitoring and evaluation of services.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide leadership, management and support services to the department and the sector.

### Programme 2: Social Assistance

**Purpose:** Provide social assistance to eligible individuals in terms of the Social Assistance Act (2004) and its regulations.

### Programme 3: Social Security Policy and Administration

**Purpose:** Provide for social security policy development and fair administration of social assistance.

### Programme 4: Welfare Services Policy Development and Implementation Support

**Purpose:** Create an enabling environment for the delivery of equitable developmental welfare services through the formulation of policies, norms and standards, and best practices, and support to implementing agencies.

### Programme 5: Social Policy and Integrated Service Delivery

**Purpose:** Support community development and promote evidence based policy making in the department and the social development sector.

## Selected performance indicators

**Table 19.1 Social Development**

Indicator	Programme	Outcome	Past		Current	Projections			
			2010/11	2011/12		2012/13	2014/15	2015/16	2016/17
Total number of old age grant beneficiaries	Social Assistance	Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all	2.6 million	2.7 million	2.8 million	2.9 million	3.1 million	3.2 million	3.3 million
Total number of war veterans grant beneficiaries	Social Assistance		963	771	586	412	305	223	160
Total number of disability grant beneficiaries	Social Assistance		1.2 million	1.2 million	1.2 million	1.1 million	1.1 million	1.1 million	1.1 million
Total number of child support grant beneficiaries	Social Assistance		10.2 million	10.7 million	11.2 million	11.0 million	11.2 million	11.3 million	11.4 million
Total number of foster care grant beneficiaries	Social Assistance		490 390	518 224	514 892	519 232	533 885	548 583	563 191
Total number of care dependency grant beneficiaries	Social Assistance		120 917	121 627	128 912	131 999	135 285	139 327	143 585
Total number of grant-in-aid beneficiaries	Social Assistance		58 500	66 150	71 844	71 879	82 290	86 815	91 590
Percentage of appeals adjudicated within a period of 90 days	Social Security Policy and Administration	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	– <sup>1</sup>	37% (574)	46.61% (920)	50% (1 000)	60% (1 200)	65% (1 300)	70% (1 400)
Number of social work scholarship graduates per year	Welfare Services Policy Development and Implementation Support		1 127	1 307	1 352	1 431	1 534	2 165	2 449

**Table 19.1 Social Development**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of youth reached through loveLife as Mpintshis <sup>3</sup> to implement social and behaviour change programmes	Welfare Services Policy Development and Implementation Support	Outcome 2: A long and healthy life for all South Africans	2 700	2 700	2 700	2 700	2 700	2 700	2 700
Number of youth trained through loveLife as groundbreakers <sup>2</sup> to implement social and behaviour change programmes	Welfare Services Policy Development and Implementation Support		500	525	511	540	540	540	540
Total number of registered early childhood development centres captured on the national database	Welfare Services Policy Development and Implementation Support	Outcome 1: Improved quality of basic education	18 826	19 971	21 023	22 074	23 178	24 337	25 554
Percentage of applications for registration as non-profit organisation processed within 2 months	Social Policy and Integrated Service Delivery	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	98% (14 961)	95% (17 573)	39% (8 768)	90% (17 183)	95% (18 901)	95% (20 791)	95% (22 775)
Number of people accessing food through food security programmes each year	Social Policy and Integrated Service Delivery	Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all	– <sup>4</sup>	377 998	555 957	700 000	1 million	1.3 million	1.4 million

1. New function, which only began full operation in 2011/12.

2. Groundbreakers refer to young people aged 18 to 25 who are recruited to work on implementing the loveLife programme for one year.

3. Mpintshis are volunteer peer motivators who work with Groundbreakers.

4. No data in this year as food bank programme became fully operational in 2011/12.

## The national development plan

The national development plan identifies social protection as a priority area. Social protection, which is being coordinated by the Department of Social Development, is included in the priority outcomes of government. The national development plan commits to achieving a defined social protection floor. This is a set of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion. This means that households who have not achieved the basic standard of living are assisted and highlights the state's obligation to provide social assistance to those who need it. In line with the plan's commitment, the social grant system continues to be a major anti-poverty programme of government, providing income support to millions of poor households. By the end of the MTEF period, 16.5 million citizens are projected to receive social grant payments.

The plan further advocates that social welfare services be expanded, funding for non-profit organisations reviewed, and more education and training expanded for social service practitioners. To this end, over the medium term, the department will focus on transforming the social welfare system through legislative and policy reform, while funding models for non-profit organisations are being re-evaluated. The department also plans to award social work scholarships to develop and enhance the capacity of social service professionals over the medium term.

The plan supports social security reforms that are being considered by government, including mandatory retirement contributions. It emphasises the need for some social protection of the working age population including through enhancing public employment programmes such as the expanded public works programme. The department is responsible for coordinating job creation across the social sector. The plan also highlights gaps and strategies that government must pursue to effectively build a human capital foundation for the country through the early childhood development programme. This is a key developmental intervention for young children and the department will focus on improving the quality and coverage of early childhood development services by expanding access to nutritious food, care and stimulation programmes. A comprehensive package of early childhood development services is currently being developed.

The department will play a key role in developing mandatory contributory social security systems to enable compulsory contributions by workers during their working years to provide for retirement benefits, which reduces their reliance on the state old age grant. This policy reform is central to the national development plan's priority of comprehensive social security reform. The department will continue to play a key role in various government forums aimed at ensuring the implementation of outcome 13 (social protection).

## Expenditure estimates

**Table 19.2 Social Development**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14	Average (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17
	R million											
Administration	226.6	244.0	255.4	266.5	266.5	5.6%	0.2%	275.1	288.3	304.6	4.6%	0.2%
Social Assistance	87 492.9	95 973.0	103 898.8	111 006.8	110 306.8	8.0%	93.3%	120 952.1	129 493.3	137 556.4	7.6%	93.9%
Social Security Policy and Administration	5 768.1	6 228.3	6 198.4	6 394.0	6 394.0	3.5%	5.8%	6 662.6	6 929.9	7 297.9	4.5%	5.1%
Welfare Services Policy Development and Implementation Support	399.2	449.1	502.6	554.5	554.5	11.6%	0.4%	586.5	607.1	638.9	4.8%	0.4%
Social Policy and Integrated Service Delivery	144.3	244.9	260.3	289.7	289.7	26.2%	0.2%	323.2	341.6	360.6	7.6%	0.2%
<b>Total</b>	<b>94 031.0</b>	<b>103 139.2</b>	<b>111 115.6</b>	<b>118 511.6</b>	<b>117 811.6</b>	<b>7.8%</b>	<b>100.0%</b>	<b>128 799.4</b>	<b>137 660.1</b>	<b>146 158.4</b>	<b>7.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(1 980.0)	(2 680.0)			(480.0)	50.0	50.0		
<b>Economic classification</b>												
<b>Current payments</b>	<b>500.5</b>	<b>523.1</b>	<b>588.8</b>	<b>658.4</b>	<b>658.4</b>	<b>9.6%</b>	<b>0.5%</b>	<b>679.4</b>	<b>685.2</b>	<b>725.9</b>	<b>3.3%</b>	<b>0.5%</b>
Compensation of employees	247.0	273.6	291.3	329.2	329.2	10.1%	0.3%	355.8	381.4	406.2	7.3%	0.3%
Goods and services	253.5	249.5	297.4	329.2	329.2	9.1%	0.3%	323.5	303.9	319.6	-1.0%	0.2%
of which:												
Consultants and professional services: Business and advisory services	51.3	29.8	33.3	60.6	60.6	5.7%	0.0%	72.5	68.7	72.3	6.1%	0.1%
Operating leases	23.3	24.0	27.8	31.4	31.4	10.4%	0.0%	32.5	33.7	35.5	4.2%	0.0%
Travel and subsistence	56.4	58.9	78.2	66.2	66.2	5.5%	0.1%	56.2	55.7	56.6	-5.1%	0.0%
Venues and facilities	24.1	21.7	38.2	47.1	47.1	24.9%	0.0%	27.4	27.0	29.7	-14.2%	0.0%
<b>Transfers and subsidies</b>	<b>93 524.1</b>	<b>102 587.9</b>	<b>110 506.0</b>	<b>117 846.8</b>	<b>117 146.8</b>	<b>7.8%</b>	<b>99.5%</b>	<b>128 113.3</b>	<b>136 967.9</b>	<b>145 425.2</b>	<b>7.5%</b>	<b>99.5%</b>
Provinces and municipalities	–	–	–	–	–	–	–	29.0	47.5	47.5	–	0.0%
Departmental agencies and accounts	5 940.9	6 549.0	6 542.0	6 732.8	6 732.8	4.3%	6.0%	7 009.9	7 291.0	7 678.0	4.5%	5.4%
Higher education institutions	–	–	–	–	–	–	–	0.4	0.4	0.5	–	0.0%
Foreign governments and international organisations	1.5	2.2	2.4	2.9	2.9	24.1%	0.0%	3.3	3.4	3.6	7.6%	0.0%
Non-profit institutions	63.8	72.1	71.6	73.3	73.3	4.7%	0.1%	77.6	81.2	85.4	5.2%	0.1%
Households	87 518.0	95 964.5	103 890.0	111 037.8	110 337.8	8.0%	93.3%	120 993.1	129 544.3	137 610.3	7.6%	94.0%
<b>Payments for capital assets</b>	<b>6.2</b>	<b>17.9</b>	<b>10.9</b>	<b>6.4</b>	<b>6.4</b>	<b>1.3%</b>	<b>0.0%</b>	<b>6.7</b>	<b>7.0</b>	<b>7.4</b>	<b>4.8%</b>	<b>0.0%</b>
Machinery and equipment	5.9	16.9	6.7	6.0	6.0	0.7%	0.0%	6.2	6.5	6.9	4.6%	0.0%
Software and other intangible assets	0.3	1.0	4.2	0.4	0.4	11.5%	0.0%	0.5	0.5	0.5	7.3%	0.0%
<b>Payments for financial assets</b>	<b>0.2</b>	<b>10.2</b>	<b>9.9</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>94 031.0</b>	<b>103 139.2</b>	<b>111 115.6</b>	<b>118 511.6</b>	<b>117 811.6</b>	<b>7.8%</b>	<b>100.0%</b>	<b>128 799.4</b>	<b>137 660.1</b>	<b>146 158.4</b>	<b>7.5%</b>	<b>100.0%</b>

## Personnel information

**Table 19.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit	Number	Cost	Unit	Number	Cost	Unit	Number		Cost			Unit		
<b>Social Development</b>	<b>784</b>	<b>132</b>	<b>703</b>	<b>291.3</b>	<b>0.4</b>	<b>678</b>	<b>329.2</b>	<b>0.5</b>	<b>707</b>	<b>355.8</b>	<b>0.5</b>	<b>731</b>	<b>381.4</b>	<b>0.5</b>	<b>745</b>	<b>406.2</b>	<b>0.5</b>	<b>3.2%</b>	<b>100.0%</b>
1 – 6	197	36	191	39.3	0.2	169	39.3	0.2	176	43.9	0.2	181	47.6	0.3	185	51.7	0.3	3.1%	24.9%
7 – 10	291	87	255	86.0	0.3	255	96.7	0.4	263	104.5	0.4	271	114.4	0.4	275	121.4	0.4	2.5%	37.2%
11 – 12	180	2	166	91.1	0.5	159	97.9	0.6	167	105.9	0.6	173	112.9	0.7	176	120.8	0.7	3.4%	23.6%
13 – 16	116	7	89	71.4	0.8	93	92.1	1.0	99	98.0	1.0	104	102.5	1.0	107	108.2	1.0	4.8%	14.1%
Other	–	–	2	3.6	1.8	2	3.3	1.6	2	3.6	1.8	2	4.0	2.0	2	4.2	2.1	–	0.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on making payments of social assistance grants to the elderly, war veterans, people with disabilities, and children through the *Social Assistance* programme. These payments take up 94 per cent of the department's allocation over the medium term. These grants aim to boost the income of poor households, which bear the brunt of unemployment, poverty and inequality that persists in South African society. The department expects to pay social grants to 16.5 million beneficiaries by the end of 2016/17.

Between 2010/11 and 2013/14, spending in the *Social Assistance* programme increased significantly as a result of government's decision to extend the age of children eligible for the child support grant to 18 years and to equalise the old age grant at 60 years for men and women.

Over the medium term, less increase in expenditure on social assistance grants is expected as coverage of affected groups improves and ineligible beneficiaries are removed from the system. The removal of ineligible beneficiaries resulted in savings of R2 billion in 2013/14 following an initiative that took place between March 2012 and July 2013 to re-register recipients to capture their biometric identification and to root out fraud and corruption in the administration of social assistance transfers. As a result of a lower than projected number of beneficiaries, Cabinet approved a budget reduction of R530 million in 2014/15 from the social assistance transfers.

The 2014 Budget includes Cabinet approved additional allocations of R50 million each year over the MTEF period for the construction of substance abuse treatment centres in Northern Cape, Eastern Cape, North West and Free State. The allocations in the *Welfare Services Policy and Implementation Support* programme are distributed as follows: R21 million in 2014/15, R2.5 million in 2015/16 and 2016/17 for planning, norms and standards and scoping related to the construction of the centres, and monitoring at the national level; and R29 million, R47.5 million and R47.5 million, over the medium term, as a schedule 5 conditional grant to provinces for the construction of the treatment centres. The social grant budget in the *Social Assistance* programme is set to increase by R1.2 billion in 2016/17.

The department had a funded establishment of 784 posts, of which 106 were vacant at the end of 2013/14, mainly due to posts being temporarily suspended as a result of departmental restructuring. The vacancies were mainly at salary levels 1-10. The aim of the restructuring was to redesign or abolish certain posts to redirect funding towards priority posts that will better align with the mandate of the department.

## Departmental receipts

Table 19.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	10 508	103 183	44 361	7 964	7 964	-8.8%	100.0%	17 991	19 842	16 220	26.8%	100.0%
<b>Sales of goods and services produced by department</b>	-	208	5	233	233	-	0.3%	225	229	215	-2.6%	1.5%
Sales by market establishments	-	94	-	104	104	-	0.1%	100	101	90	-4.7%	0.6%
of which:												
Parking rental	-	94	-	100	100	-	0.1%	100	101	90	-3.5%	0.6%
Transport fees	-	-	-	4	4	-	-	-	-	-	-100.0%	-
Other sales	-	114	5	129	129	-	0.1%	125	128	125	-1.0%	0.8%
of which:												
Sale of tender documents	-	5	-	9	9	-	-	10	11	8	-3.9%	0.1%
Insurance commission and garnishee order	-	109	5	120	120	-	0.1%	115	117	117	-0.8%	0.8%
<b>Sales of scrap, waste, arms and other used current goods</b>	-	2	-	4	4	-	-	5	5	5	7.7%	-
of which:												
Waste paper	-	2	-	4	4	-	-	5	5	5	7.7%	-
<b>Interest, dividends and rent on land</b>	4 083	2 636	7 855	2 647	2 647	-13.5%	10.4%	2 649	2 654	2 500	-1.9%	16.9%
Interest	4 083	2 636	7 855	2 647	2 647	-13.5%	10.4%	2 649	2 654	2 500	-1.9%	16.9%
<b>Transactions in financial assets and liabilities</b>	6 425	100 337	36 501	5 080	5 080	-7.5%	89.4%	15 112	16 954	13 500	38.5%	81.7%
<b>Total</b>	10 508	103 183	44 361	7 964	7 964	-8.8%	100.0%	17 991	19 842	16 220	26.8%	100.0%

## Programme 1: Administration

### Expenditure estimates

Table 19.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Ministry	25.7	31.4	29.5	24.2	-2.0%	11.2%	24.9	26.3	27.6	4.6%	9.1%
Department Management	49.8	47.1	52.2	51.6	1.2%	20.2%	61.2	64.9	68.6	10.0%	21.7%
Corporate Management	83.8	89.3	90.9	106.1	8.2%	37.3%	94.7	98.7	104.4	-0.5%	35.6%
Finance	39.9	45.6	49.9	49.1	7.1%	18.6%	53.9	56.0	59.1	6.4%	19.2%
Internal Audit	5.0	5.1	5.8	7.3	13.5%	2.3%	10.8	11.4	12.2	18.6%	3.7%
Office Accommodation	22.4	25.4	27.0	28.2	8.0%	10.4%	29.6	31.0	32.6	5.0%	10.7%
<b>Total</b>	<b>226.6</b>	<b>244.0</b>	<b>255.4</b>	<b>266.5</b>	<b>5.6%</b>	<b>100.0%</b>	<b>275.1</b>	<b>288.3</b>	<b>304.6</b>	<b>4.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				2.5			(3.8)	(5.0)	(6.3)		

#### Economic classification

<b>Current payments</b>	<b>223.3</b>	<b>231.7</b>	<b>246.9</b>	<b>264.0</b>	<b>5.7%</b>	<b>97.3%</b>	<b>272.4</b>	<b>285.5</b>	<b>301.7</b>	<b>4.5%</b>	<b>99.0%</b>
Compensation of employees	105.0	122.2	130.0	141.8	10.5%	50.3%	152.7	163.4	174.2	7.1%	55.7%
Goods and services	118.3	109.4	116.9	122.2	1.1%	47.0%	119.8	122.1	127.6	1.4%	43.3%
of which:											
Consultants and professional services:	14.1	6.6	9.6	8.1	-16.7%	3.9%	14.3	12.8	12.6	15.6%	4.2%
Business and advisory services											
Operating leases	20.7	22.3	25.0	28.9	11.8%	9.8%	28.1	29.2	30.7	2.0%	10.3%
Travel and subsistence	25.1	26.1	29.0	20.7	-6.2%	10.2%	18.3	18.4	19.1	-2.6%	6.7%
Venues and facilities	3.1	3.4	4.3	10.9	52.7%	2.2%	3.3	4.1	4.7	-24.6%	2.0%
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Households	0.0	0.2	0.2	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>3.0</b>	<b>11.8</b>	<b>8.3</b>	<b>2.5</b>	<b>-6.4%</b>	<b>2.6%</b>	<b>2.6</b>	<b>2.8</b>	<b>2.9</b>	<b>5.3%</b>	<b>1.0%</b>
Machinery and equipment	2.7	10.8	4.2	2.1	-8.7%	2.0%	2.2	2.3	2.4	4.9%	0.8%
Software and other intangible assets	0.3	1.0	4.2	0.4	11.5%	0.6%	0.5	0.5	0.5	7.3%	0.2%
<b>Payments for financial assets</b>	<b>0.2</b>	<b>0.3</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>226.6</b>	<b>244.0</b>	<b>255.4</b>	<b>266.5</b>	<b>5.6%</b>	<b>100.0%</b>	<b>275.1</b>	<b>288.3</b>	<b>304.6</b>	<b>4.6%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.2%	0.2%	0.2%	0.2%			0.2%	0.2%	0.2%		

#### Details of selected transfers and subsidies

Households											
Social benefits											
Current	0.0	0.2	0.2	-	-100.0%	-	-	-	-	-	-
Employee social benefits	0.0	0.2	0.2	-	-100.0%	-	-	-	-	-	-

## Personnel information

Table 19.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
			2012/13			2013/14			2014/15			2015/16			2016/17				
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
	360	29	325	130.0	0.4	307	141.8	0.5	317	152.7	0.5	325	163.4	0.5	334	174.2	0.5	2.8%	100.0%
Salary level																			
1 – 6	119	12	114	23.5	0.2	104	23.0	0.2	107	25.9	0.2	110	28.4	0.3	112	31.3	0.3	2.5%	33.7%
7 – 10	126	14	117	41.3	0.4	108	43.5	0.4	111	46.3	0.4	113	50.7	0.4	116	53.6	0.5	2.4%	34.9%
11 – 12	60	1	53	29.0	0.5	52	31.3	0.6	54	33.2	0.6	56	35.4	0.6	58	38.2	0.7	3.7%	17.1%
13 – 16	55	2	39	32.7	0.8	41	40.7	1.0	43	43.7	1.0	44	44.9	1.0	46	46.9	1.0	3.9%	13.6%
Other	-	-	2	3.6	1.8	2	3.3	1.6	2	3.6	1.8	2	4.0	2.0	2	4.2	2.1	-	0.6%

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

2. Rand million.

## Expenditure trends

The bulk of this programme's spending over the medium term goes towards compensation of employees, which constitutes on average 55.7 per cent of the budget, and operating leases for office accommodation, which

constitutes on average 23.8 per cent of the goods and services allocation. Spending on this programme increases steadily over the seven-year period, mainly due to the building of capacity in the oversight function of the department in the *Internal Audit* subprogramme. The additional capacity was required to enable the department to fulfil its operational support and oversight role over the South African Social Security Agency and the National Development Agency.

In addition to corporate services responsibilities, the *Administration* programme coordinates the department's strategic vision and provides overall monitoring support through the *Department Management* subprogramme. The programme had a funded establishment of 360 posts, of which 53 were vacant as at the end of November 2013 due to posts put on hold because of the organisational restructuring process. The aim of the restructuring was to redesign or abolish certain posts and redirect funding towards priority posts. The number of people employed in the programme is expected to increase to 334 by 2016/17, as some of the funded contract posts additional to the establishment, are converted into permanent funded posts in areas such as IT, communication and internal audit in order to strengthen the department's internal capacity.

## Programme 2: Social Assistance

### Objectives

- Ensure the provision of social assistance to eligible beneficiaries where their income and assets fall below the set thresholds by extending income support to:
  - 3 308 078 older persons by 2016/17, from 2 845 422 in 2012/13
  - 1 112 816 disabled persons by 2016/17, from 1 153 810 in 2012/13
  - 11 392 098 children by 2016/17, from 11 213 352 in 2012/13
  - 143 583 children with serious disabilities who are beneficiaries of a care dependency grant by 2015/16, from 128 912 in 2012/13
  - 563 191 foster children by 2015/16, from 514 892 in 2012/13.

### Subprogrammes

- *Old Age* provides income support to persons above the age of 60 earning an annual income of below R61 320 where they are single, and R122 640 where married, and whose assets do not exceed R884 400 if single, and R1.8 million if married. As at 30 September 2013, 2.9 million people were in receipt of the old age grant.
- *War Veterans* provides income support for the men and women who fought in World War II and the Korean War. As at 30 September 2013, 509 veterans were in receipt of the grant.
- *Disability* provides income support for persons with permanent or temporary disabilities earning an annual income below R61 320 if single, and R122 640 if married, and whose assets do not exceed R884 400 when single and R1.8 million when married. As at 30 September 2013, 1.1 million disabled people were in receipt of the grant.
- *Foster Care* provides grants for children placed in foster care through court orders in terms of the Children's Act (2005). As at 30 September 2013, 549 021 foster children were in receipt of the grant.
- *Care Dependency* provides income support to caregivers supporting a child who is mentally or physically disabled where they earn an annual income below R160 800 if single, and R321 600 if married. 126 275 care dependent children were in receipt of this grant by the end of September 2013.
- *Child Support* provides income support to primary caregivers of children under 18 where the caregiver earns an annual income below R37 200 if they are single, and R74 400 if they are married. As at 30 September 2013, 10.9 million children were in receipt of this grant.
- *Grant-in-Aid* is an additional grant to the recipients of the old age grant, disability grant and war veteran's grant who require regular attendance from another person due to their physical or mental condition.
- *Social Relief* provides temporary income support, food parcels or other forms of relief to those facing undue hardship.

## Expenditure estimates

**Table 19.7 Social Assistance**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Old Age	33 750.6	37 129.8	40 475.0	44 328.0	9.5%	39.1%	49 821.7	54 133.6	58 784.7	9.9%	41.5%
War Veterans	14.0	11.8	9.5	8.2	-16.4%	-	5.8	4.4	3.3	-25.7%	-
Disability	16 840.2	17 375.0	17 636.6	18 117.0	2.5%	17.6%	18 957.4	19 942.1	20 691.5	4.5%	15.6%
Foster Care	4 616.4	5 010.9	5 335.0	5 551.1	6.3%	5.1%	5 950.7	6 307.6	6 617.6	6.0%	4.9%
Care Dependency	1 586.5	1 736.4	1 877.4	2 058.8	9.1%	1.8%	2 259.3	2 422.2	2 593.8	8.0%	1.9%
Child Support	30 341.5	34 319.6	38 088.0	40 277.2	9.9%	35.9%	43 428.3	46 098.4	48 257.4	6.2%	35.7%
Grant-in-Aid	170.1	204.0	238.0	247.3	13.3%	0.2%	277.1	305.2	317.2	8.6%	0.2%
Social Relief	173.7	185.3	239.3	419.3	34.1%	0.3%	251.8	279.8	290.8	-11.5%	0.2%
<b>Total</b>	<b>87 492.9</b>	<b>95 973.0</b>	<b>103 898.8</b>	<b>111 006.8</b>	<b>8.3%</b>	<b>100.0%</b>	<b>120 952.1</b>	<b>129 493.3</b>	<b>137 556.4</b>	<b>7.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(2 000.0)			(530.0)	-	-		

**Economic classification**

<b>Transfers and subsidies</b>	<b>87 492.9</b>	<b>95 963.1</b>	<b>103 889.0</b>	<b>111 006.8</b>	<b>8.3%</b>	<b>100.0%</b>	<b>120 952.1</b>	<b>129 493.3</b>	<b>137 556.4</b>	<b>7.4%</b>	<b>100.0%</b>
Households	87 492.9	95 963.1	103 889.0	111 006.8	8.3%	100.0%	120 952.1	129 493.3	137 556.4	7.4%	100.0%
Payments for financial assets	-	9.8	9.9	-	-	-	-	-	-	-	-
<b>Total</b>	<b>87 492.9</b>	<b>95 973.0</b>	<b>103 898.8</b>	<b>111 006.8</b>	<b>8.3%</b>	<b>100.0%</b>	<b>120 952.1</b>	<b>129 493.3</b>	<b>137 556.4</b>	<b>7.4%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	93.0%	93.1%	93.5%	93.7%			93.9%	94.1%	94.1%		

**Details of selected transfers and subsidies**

Households											
Social benefits											
Current	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2010/11 - 2013/14	2014/15 - 2016/17
<b>Total</b>	<b>87 492.9</b>	<b>95 963.1</b>	<b>103 889.0</b>	<b>111 006.8</b>	<b>8.3%</b>	<b>100.0%</b>	<b>120 952.1</b>	<b>129 493.3</b>	<b>137 556.4</b>	<b>7.4%</b>	<b>100.0%</b>
Old age	33 750.6	37 120.0	40 465.1	44 328.0	9.5%	39.1%	49 821.7	54 133.6	58 784.7	9.9%	41.5%
War veterans	14.0	11.8	9.5	8.2	-16.4%	-	5.8	4.4	3.3	-25.7%	-
Disability	16 840.2	17 375.0	17 636.6	18 117.0	2.5%	17.6%	18 957.4	19 942.1	20 691.5	4.5%	15.6%
Foster care	4 616.4	5 010.9	5 335.0	5 551.1	6.3%	5.1%	5 950.7	6 307.6	6 617.6	6.0%	4.9%
Care dependency	1 586.5	1 736.4	1 877.4	2 058.8	9.1%	1.8%	2 259.3	2 422.2	2 593.8	8.0%	1.9%
Child support	30 341.5	34 319.6	38 088.0	40 277.2	9.9%	35.9%	43 428.3	46 098.4	48 257.4	6.2%	35.7%
Grant-in-aid	170.1	204.0	238.0	247.3	13.3%	0.2%	277.1	305.2	317.2	8.6%	0.2%
Social relief	173.7	185.3	239.3	419.3	34.1%	0.3%	251.8	279.8	290.8	-11.5%	0.2%

## Expenditure trends

The child support, old age and disability grants make up the bulk of the programme's expenditure over the medium term, and reflect government's commitment to supporting the most vulnerable in society by providing income support. The number of social assistance grant beneficiaries decreased from 15.9 million in March 2013 to 15.6 million as at December 2013 due to the re-registration process where ineligible beneficiaries were removed from the grant system.

To give effect to Cabinet approved budget reductions, the department cut spending by R2 billion in 2013/14 and R530 million in 2014/15, mainly due to lower projections for beneficiary numbers following the re-registration process where 640 000 grants were suspended and cancelled.

Expenditure on social assistance grants is expected to increase over the medium term mostly due to inflation related adjustments to the grant values of the individual grant types and a slight growth in beneficiary numbers over the period. The department expects that the number of beneficiaries will increase to approximately 16.5 million by the end of March 2017. The number of elderly persons receiving the old age grant is projected to grow at 3 per cent each year over the medium term, in line with population growth for that age cohort. In contrast, growth in the number of children eligible for the child support grant will slow down due to the levelling off of the child population and full implementation of the extension to 18 years.

Between 2010/11 and 2013/14, expenditure in this programme grew significantly mainly due to the extension of the child support grant to 18 year-olds and the equalisation of the old age grant at 60 years for men and women. In 2011/12, the means test (the threshold income level above which a potential recipient is disqualified from receiving the grant) for the adult grants was increased as part of the broader social security reform process. Due to the greater public awareness generated about these grants, expenditure on the grant-in-aid and care

dependency grant is projected to increase over the MTEF period. Inflationary increases to grant values are also factored into MTEF expenditure projections.

## Programme 3: Social Security Policy and Administration

### Objectives

- Oversee, ensure and monitor the efficient and effective administration of social grants by the South African Social Security Agency over the MTEF period by:
  - monitoring monthly social grant beneficiary take up rates and expenditure
  - updating social grant beneficiary and expenditure projections every month.
- Provide an effective, efficient and accessible social assistance appeals service by adjudicating 70 per cent of appeals lodged within 90 days of their receipt by 2016/17.
- Improve access to social assistance by:
  - finalising the development of policy addressing income support for orphaned children who are cared for by relatives by 2014/15
  - developing policies on the universal provision of older persons and child support grants by 2014/15 and 2015/16
  - designing a support package for youth that focuses on job placements by 2015/16.
- Improve access to social security for the working age by:
  - researching feasibility and policy options for a guaranteed employment scheme by 2015/16
  - researching feasibility and options for inclusion of informal sector workers in social security by 2015/16
  - establishing a social assistance inspectorate by 2015/16.

### Subprogrammes

- *Social Security Policy Development* provides for the development and review of social assistance policies and legislation, and for the development of policies and legislation for contributory income support to protect households against lifecycle contingencies such as unemployment, ill health, retirement, disability or death of a breadwinner. In 2013/14, research was conducted into developing a social budget and the feasibility of providing social assistance support for orphaned children cared for by relatives. In 2014/15, discussion papers on policy options for the universalisation of the old age and child support grants will be completed. Further work in developing a support package for unemployed youth will be undertaken, together with policy options for the inclusion of informal sector workers in social security. This subprogramme had a staff complement of 43 in 2013/14.
- *Appeals Adjudication* provides a fair and just adjudication service for social assistance appeals. As at 30 September 2013, 800 appeals cases were adjudicated, of which 384 were within 90 days. Over the medium term, an integrated appeals business information system will be developed to facilitate the efficient management of appeal cases to ensure reduction of the number of cases that are older than 90 days. This subprogramme had a staff complement of 55 in 2013/14.
- *Social Grants Administration* provides for the South African Social Security Agency's operational costs for administering social grants, including the agency's own operations, the management information system and reimbursing payment contractors.
- *Social Grants Fraud Investigations* provides funding for fraud investigations conducted by the South African Social Security Agency in partnership with law enforcement agencies. This entails transferring funds to the agency, which is also increasing its own internal capacity to handle fraud cases.

## Expenditure estimates

Table 19.8 Social Security Policy and Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Social Security Policy Development	71.2	38.6	29.4	43.7	-15.0%	0.7%	46.3	48.5	50.9	5.2%	0.7%
Appeals Adjudication	56.1	43.1	41.5	35.6	-14.0%	0.7%	43.3	45.3	48.0	10.4%	0.6%
Social Grants Administration	5 631.4	6 070.6	6 053.0	6 240.5	3.5%	97.6%	6 492.2	6 751.6	7 110.0	4.4%	97.5%
Social Grants Fraud Investigations	-	73.1	66.7	70.6	-	0.9%	75.4	78.9	83.1	5.6%	1.1%
Programme Management	9.5	3.0	7.7	3.6	-27.3%	0.1%	5.4	5.6	5.9	17.6%	0.1%
<b>Total</b>	<b>5 768.1</b>	<b>6 228.3</b>	<b>6 198.4</b>	<b>6 394.0</b>	<b>3.5%</b>	<b>100.0%</b>	<b>6 662.6</b>	<b>6 929.9</b>	<b>7 297.9</b>	<b>4.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(23.9)			(19.9)	(21.0)	(22.1)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>108.7</b>	<b>82.3</b>	<b>76.8</b>	<b>80.5</b>	<b>-9.5%</b>	<b>1.4%</b>	<b>92.4</b>	<b>96.6</b>	<b>101.9</b>	<b>8.2%</b>	<b>1.4%</b>
Compensation of employees	33.0	34.9	34.8	44.0	10.1%	0.6%	49.1	52.7	56.2	8.5%	0.7%
Goods and services	75.8	47.5	42.0	36.5	-21.6%	0.8%	43.3	44.0	45.7	7.8%	0.6%
of which:											
Consultants and professional services:	22.0	12.7	6.0	12.7	-16.7%	0.2%	14.9	15.0	15.0	5.6%	0.2%
Business and advisory services											
Property payments	0.3	1.2	0.6	0.7	36.0%	-	-	-	-	-100.0%	-
Travel and subsistence	13.5	6.7	7.0	7.5	-17.9%	0.1%	6.6	6.5	6.8	-2.9%	0.1%
Venues and facilities	12.2	1.6	1.6	3.6	-33.2%	0.1%	0.7	0.7	0.7	-41.0%	-
<b>Transfers and subsidies</b>	<b>5 657.1</b>	<b>6 145.3</b>	<b>6 121.0</b>	<b>6 312.3</b>	<b>3.7%</b>	<b>98.6%</b>	<b>6 568.9</b>	<b>6 831.8</b>	<b>7 194.5</b>	<b>4.5%</b>	<b>98.6%</b>
Departmental agencies and accounts	5 631.4	6 143.7	6 119.8	6 311.0	3.9%	98.4%	6 567.6	6 830.5	7 193.0	4.5%	98.6%
Foreign governments and international organisations	0.9	1.1	1.0	1.2	12.5%	-	1.3	1.4	1.4	5.2%	-
Households	24.8	0.5	0.2	-	-100.0%	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>2.3</b>	<b>0.7</b>	<b>0.6</b>	<b>1.2</b>	<b>-18.3%</b>	<b>-</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>	<b>5.3%</b>	<b>-</b>
Machinery and equipment	2.3	0.7	0.6	1.2	-18.3%	-	1.3	1.4	1.4	5.3%	-
<b>Total</b>	<b>5 768.1</b>	<b>6 228.3</b>	<b>6 198.4</b>	<b>6 394.0</b>	<b>3.5%</b>	<b>100.0%</b>	<b>6 662.6</b>	<b>6 929.9</b>	<b>7 297.9</b>	<b>4.5%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	6.1%	6.0%	5.6%	5.4%			5.2%	5.0%	5.0%		
<b>Details of selected transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
Current	5 631.4	6 143.7	6 119.8	6 311.0	3.9%	98.4%	6 567.6	6 830.5	7 193.0	4.5%	98.6%
South African Social Security Agency	5 631.4	6 143.7	6 119.8	6 311.0	3.9%	98.4%	6 567.6	6 830.5	7 193.0	4.5%	98.6%
<b>Households</b>											
<b>Other transfers to households</b>											
Current	24.8	-	-	-	-100.0%	0.1%	-	-	-	-	-
Social relief	24.8	-	-	-	-100.0%	0.1%	-	-	-	-	-

## Personnel information

Table 19.9 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
<b>Social Security Policy and Administration</b>																			
Salary level	98	4	80	34.8	0.4	74	44.0	0.6	84	49.1	0.6	90	52.7	0.6	94	56.2	0.6	8.3%	100.0%
1 - 6	22	-	26	6.1	0.2	18	4.9	0.3	20	5.8	0.3	21	6.2	0.3	22	6.6	0.3	6.9%	23.7%
7 - 10	35	2	20	6.8	0.3	26	9.6	0.4	29	12.1	0.4	31	13.2	0.4	32	13.9	0.4	7.2%	34.5%
11 - 12	21	-	18	9.2	0.5	15	9.7	0.6	18	12.4	0.7	19	13.2	0.7	20	14.6	0.7	10.1%	21.1%
13 - 16	20	2	16	12.7	0.8	15	19.8	1.3	17	18.8	1.1	19	20.1	1.1	20	21.1	1.1	10.1%	20.8%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on making transfers to the South African Social Security Agency as the grants administering entity, to provide for administration costs related to the payment of social assistance grants.

The programme transfers 98.6 per cent of its allocation over the medium term to the agency for it to improve its fraud management system and ensure that social assistance grants are paid to an estimated 16.5 million beneficiaries by 2016/17. Social grant administration costs constitute 5.9 per cent of the budget for social assistance grants, as reflected in spending in the *Social Assistance* programme in 2010/11, but are expected to decline to 5.2 per cent in 2016/17, partly due to efficiencies from the new payment contract implemented in 2012/13.

In 2010/11, the department hosted the international social security conference, which resulted in significant growth in expenditure in the *Social Security Policy* subprogramme that year. Expenditure in the *Appeals Adjudication* subprogramme declined between 2010/11 and 2013/14, due to improvements in handling appeals and reduced litigation costs from social assistance appellants. Over the medium term, this subprogramme is to develop an integrated appeals business information system, which is expected to speed up turnaround times by increasing the proportion of appeals adjudicated within a period of 90 days to 70 per cent in 2016/17.

Between 2013/14 and 2016/17, expenditure on consultants is equivalent to 33.5 per cent of the programme's budget allocation for compensation of employees. Expenditure on consultants includes payments to panel members for the social grant appeals adjudication process and for the establishment of the social assistance inspectorate. The inspectorate will provide an oversight mechanism over the South African Social Security Agency for grants administration. Its main function will be to ensure the integrity of the social assistance framework and systems. This would be achieved through structured and systemic assessments of legislative compliance, investigating financial misconduct, and implementing interventions to combat leakage and fraud associated with the social assistance administration system under the *Social Security Policy Development* subprogramme. In the same period, expenditure on compensation of employees is expected to increase as the programme increases the number of personnel employed to perform the inspectorate and appeals functions.

The programme had a funded establishment of 98 posts as at 30 November 2013, 24 of which are vacant. The vacancies are mainly as a result of the length of time involved in establishing the inspectorate, which is expected to be operational as from 2015/16. Once fully established by 2016/17, the programme expects to have 94 employees.

## Programme 4: Welfare Services Policy Development and Implementation Support

### Objectives

- Promote a standardised approach to the delivery of social welfare services by:
  - revising the policy on financial awards to service providers, particularly non-profit organisations, by March 2015/16
  - conducting an in-depth review of the 1997 White Paper on Social Welfare by March 2015/16
  - drafting legislation on the professionalisation and regulation of social service practitioners by 2016/17
  - increasing the number of social work graduates from the scholarship programme from 1 352 in 2012/13 to 2 449 in 2016/17.
- Create an environment that enables the protection and promotion of older persons' rights by:
  - ensuring compliance with norms and standards, on an ongoing basis, for conditionally registered community based care services and residential facilities
  - implementing the active aging programme
  - reviewing the Older Persons Act (2006), to determine if it still addresses the needs of older persons, by March 2016.
- Protect and promote the rights of people with disabilities by:

- drafting legislation dealing with services to people with disabilities by March 2015
- developing norms and standards for residential facilities by March 2015.
- Facilitate improvement of early childhood development services by:
  - expanding access to early childhood development programmes, nutritious food, early learning and parental programmes by 2016/17
  - finalising a comprehensive early childhood development package of services for children from birth to school going age including the first 1 000 days by 2014/15
  - developing a policy framework for early childhood development programmes and partial care by 2014/5.
- Strengthen child protection services through the implementation of child care and protection measures by:
  - increasing the number of children adopted by 10 per cent each year from 2014/15 to 2016/17
  - developing guidelines for the registration of drop in centres in terms of the Children’s Act (2005) by 2014/15
  - facilitating the implementation and monitoring of the transformation plan for child and youth care centres in all provinces on an ongoing basis
  - increasing the screening of people working with children, against part B of the child protection register, from 30 000 screened by March 2014 to a total of 60 000 by March 2015
  - facilitating and continually monitoring the implementation of the Isibindi model (of community child and youth care) in all provinces by 2015/16
  - creating awareness on children’s rights and responsibilities through commemorative days such as Child Protection Week, and implementing parental support programmes by 2014/15.
- Facilitate the implementation of the 2012 White Paper on Families by establishing and strengthening national and provincial forums by 2014/15, including the 20th anniversary celebration of the family and capacity building on the implementation of the White Paper on Families (2012) in all provinces.
- Contribute to a reduction of incidences of substance abuse in communities by:
  - expanding the provision of treatment and prevention services in all provinces over the MTEF period
  - monitoring the progress registered by national departments involved in implementing the national anti-substance abuse programme of action by 2016/17
  - capacitating 120 stakeholders to roll out the implementation of the Prevention of and Treatment for Substance Abuse Act (2008) by 2014/15
  - ongoing monitoring of the implementation of the national drug master plan
  - establishing 4 new substance abuse treatment centres by 2016/17
  - initiating the national education and awareness campaign against substance abuse by 2014/15.
- Contribute to reducing incidences of social crime by:
  - monitoring and supporting quality assurance and accreditation processes for diversion programmes in terms of the Child Justice Act (2008) by 2016/17
  - facilitating and monitoring implementation of an integrated social crime prevention strategy over the MTEF period
  - facilitating and supporting implementation of probation case management for children and youth over the medium term.
- Improve the provision of victim empowerment services in provinces by:
  - drafting legislation on victim empowerment support services by 2014/15
  - finalising and implementing a policy framework for the accreditation of services and programmes run by organisations rendering services to victims of human trafficking by 2014/15
  - finalising and implementing an inter-sectoral strategy for victim empowerment by 2014/15
  - establishing 10 victim empowerment programme green door facilities where victims of crime and violence can access basic emotional containment services for a period of not more than 6 hours by 2014/15.
- Develop and facilitate implementation of responsive and focused youth development by:

- reaching 550 000 youth through social and behaviour change programmes by 2014/15 through Lovelife and other programmes
- training 3 240 youth on leadership by 2014/15
- ensuring 450 youths participate in skills development programmes by 2014/15
- hosting community dialogues for 3 000 young people by 2014/15
- ensuring participation of 1 200 young people in leadership camps by 2014/15
- establishing 6 youth forums by 2015/16.
- Promote psychosocial wellbeing to reduce vulnerability to HIV and AIDS and tuberculosis in targeted key populations, and strengthen community-based organisations by:
  - reaching 1 900 000 beneficiaries through psychosocial support programmes by 2014/15
  - training 1 340 home and community based care givers by 2014/15
  - facilitating 180 community conversations on HIV and AIDS by 2014/15.

## Subprogrammes

- *Service Standards* ensures the transformation and standardisation of social welfare services by developing and coordinating policies and legislation that promote integration, quality driven and professional social welfare service delivery. In 2012/13 and 2013/14, progress was made in developing national baseline costing models for social welfare services. In 2012/13, a draft policy for social service practitioners was also developed. A key project in 2014/15 will be the review of White Paper for Social Welfare (1997). This subprogramme had a staff complement of 24 in 2013/14.
- *Substance Abuse* is discussed in more detail below.
- *Older Persons* develops, supports and monitors the implementation of policies, legislation, norms and standards for social welfare services to elderly people. In 2012/13 and 2013/14, 1 427 community based care and support service points were accessed by elderly people across the provinces. 412 residential facilities have been registered and are being assessed for compliance with norms and standards. Each year, the Golden Games are held to promote active ageing and the rights of the elderly. Over the medium term, the focus will be on reviewing the Older Persons Act (2006). This subprogramme had a staff complement of 8 in 2013/14.
- *People with Disabilities* develops, supports and monitors the implementation of policies, legislation, and norms and standards for social welfare services to people with disabilities. In 2012/13, the department obtained approval for the policy on social development services to persons with disabilities. Policy guidelines on residential facilities have also been developed. Planned activities in 2014/15 include developing a legislative framework regulating services to people with disabilities. This subprogramme had a staff complement of 8 in 2013/14.
- *Children* develops, supports and monitors the implementation of policies, legislation, norms and standards for social welfare services to children. The focus in 2013/14 was on the finalisation of the early childhood development audit. Over the medium term, an early childhood development policy and a comprehensive programme for children from birth to school going age will be developed. The focus will also be on working towards legislative alignment and harmonisation with municipal by-laws and provincial legislation on early childhood development, especially on infrastructure development and management. This subprogramme had a funded staff complement of 59 in 2013/14.
- *Families* develops, supports and monitors the implementation of policies, legislation and programmes to strengthen families. In 2013/14, the White Paper on Families (2012) was approved by Cabinet. An integrated parenting framework has also been approved, and family development programmes have been developed. A key activity over the medium term will be the implementation of the White Paper on Families (2012). This subprogramme had a staff complement of 9 in 2013/14.
- *Social Crime Prevention and Victim Empowerment* is discussed in more detail below.
- *Youth* develops, facilitates and supports the implementation of strategies and programmes to mobilise youth for effective participation in social change and leadership programmes, and to increase their skills levels for employability. By the end of September 2013, 1 267 youth had participated in youth dialogues, 4 598 in mobilisation and outreach programmes, 11 472 had been reached through youth centres and 3 634 had

participated in skills development programmes. By the end of December 2013, 1 800 youth had attended provincial pre-youth camp summits and 1 000 had attended the national youth camp. Over the medium term, the department intends to host biannual youth camps to provide a platform for youth to interact and share their experiences. This subprogramme had a staff complement of 7 in 2013/14.

- *HIV and AIDS* develops, supports and monitors the implementation of policies, programmes and guidelines to prevent and mitigate the impact of HIV and AIDS in line with the government's strategic 2012-2016 plan. By March 2013, 156 funded home and community based organisations had received management training, with 321 reporting into the monitoring and evaluation reporting system. These will both be ongoing focus areas over the medium term. In 2012/13, 501 229 households received psychological support services, while 665 799 orphaned and vulnerable children, 10 268 child-headed households and 36 253 youth-headed households received psychosocial support. In that same year, 2 650 home and community based care workers were trained. In 2013/14, a target of 500 000 youth to be reached through social and behaviour change programmes was set, with 263 561 youth reached by end of September 2013. This subprogramme had a staff complement of 34 in 2013/14.
- *Social Worker Scholarships* provides full scholarships for students studying social work. In 2013/14, 4 750 students received scholarships whilst 4 154 students will receive scholarships in 2016/17.

## Expenditure estimates

**Table 19.10 Welfare Services Policy Development and Implementation Support**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Service Standards	19.8	21.2	22.1	21.8	3.1%	4.5%	23.5	24.2	25.5	5.5%	4.0%
Substance Abuse	12.2	14.9	12.9	32.4	38.7%	3.8%	62.7	62.8	63.6	25.2%	9.3%
Older Persons	8.0	11.4	19.3	21.6	38.9%	3.2%	13.7	12.8	13.5	-14.5%	2.6%
People with Disabilities	7.7	8.3	9.7	9.7	8.0%	1.9%	10.4	11.0	11.7	6.6%	1.8%
Children	31.9	40.7	54.8	59.7	23.2%	9.8%	57.7	57.9	61.2	0.8%	9.9%
Families	5.9	6.9	8.3	7.6	9.0%	1.5%	8.1	8.9	9.2	6.5%	1.4%
Social Crime Prevention and Victim Empowerment	14.6	21.4	27.4	51.1	51.7%	6.0%	47.3	50.4	54.6	2.2%	8.5%
Youth	4.6	5.6	12.4	16.7	53.2%	2.1%	9.1	9.1	9.7	-16.6%	1.9%
HIV and AIDS	60.9	66.9	72.2	74.1	6.7%	14.4%	79.4	82.9	87.5	5.7%	13.6%
Social Worker Scholarships	226.0	244.0	256.0	250.0	3.4%	51.2%	264.0	276.1	290.8	5.2%	45.3%
Programme Management	7.4	7.7	7.5	10.0	10.2%	1.7%	10.4	11.1	11.7	5.6%	1.8%
<b>Total</b>	<b>399.2</b>	<b>449.1</b>	<b>502.6</b>	<b>554.5</b>	<b>11.6%</b>	<b>100.0%</b>	<b>586.5</b>	<b>607.1</b>	<b>638.9</b>	<b>4.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				41.4			60.7	61.4	63.0		
<b>Economic classification</b>											
<b>Current payments</b>	<b>110.7</b>	<b>137.4</b>	<b>177.0</b>	<b>232.5</b>	<b>28.1%</b>	<b>34.5%</b>	<b>217.0</b>	<b>203.5</b>	<b>216.4</b>	<b>-2.4%</b>	<b>36.4%</b>
Compensation of employees	68.6	73.6	78.6	86.0	7.8%	16.1%	90.7	97.7	103.9	6.5%	15.8%
Goods and services	42.0	63.8	98.5	146.5	51.6%	18.4%	126.4	105.9	112.5	-8.4%	20.6%
of which:											
Consultants and professional services:	11.7	8.5	14.0	37.7	47.8%	3.8%	38.9	36.3	39.3	1.3%	6.4%
Business and advisory services											
Property payments	0.0	0.1	-	-	-100.0%	-	-	-	-	-	-
Travel and subsistence	11.6	16.0	28.9	27.4	33.2%	4.4%	22.9	24.6	25.3	-2.6%	4.2%
Venues and facilities	6.7	12.5	22.9	30.4	65.8%	3.8%	16.7	16.0	17.6	-16.6%	3.4%
<b>Transfers and subsidies</b>	<b>288.1</b>	<b>306.8</b>	<b>324.3</b>	<b>320.2</b>	<b>3.6%</b>	<b>65.1%</b>	<b>367.4</b>	<b>401.5</b>	<b>420.2</b>	<b>9.5%</b>	<b>63.2%</b>
Provinces and municipalities	-	-	-	-	-	-	29.0	47.5	47.5	-	5.2%
Departmental agencies and accounts	226.0	244.0	256.0	250.0	3.4%	51.2%	264.0	276.1	290.8	5.2%	45.3%
Foreign governments and international organisations	0.2	0.4	0.5	0.3	2.7%	0.1%	0.3	0.3	0.3	5.3%	-
Non-profit institutions	61.8	61.8	67.1	69.9	4.2%	13.7%	74.1	77.5	81.7	5.3%	12.7%
Households	-	0.6	0.7	-	-	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.4</b>	<b>4.8</b>	<b>1.2</b>	<b>1.8</b>	<b>67.3%</b>	<b>0.4%</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>7.2%</b>	<b>0.3%</b>
Machinery and equipment	0.4	4.8	1.2	1.8	67.3%	0.4%	2.0	2.1	2.2	7.2%	0.3%
<b>Total</b>	<b>399.2</b>	<b>449.1</b>	<b>502.6</b>	<b>554.5</b>	<b>11.6%</b>	<b>100.0%</b>	<b>586.5</b>	<b>607.1</b>	<b>638.9</b>	<b>4.8%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.4%	0.4%	0.5%	0.5%			0.5%	0.4%	0.4%		

**Table 19.10 Welfare Services Policy Development and Implementation Support**

Details of selected transfers and subsidies	Audited outcome			Adjusted Appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17			2013/14 - 2016/17
	R million											
<b>Non-profit institutions</b>												
<b>Current</b>	<b>61.8</b>	<b>61.8</b>	<b>67.1</b>	<b>69.9</b>	<b>4.2%</b>	<b>13.7%</b>	<b>74.1</b>	<b>77.5</b>	<b>81.7</b>	<b>5.3%</b>	<b>12.7%</b>	
loveLife	43.5	43.4	45.6	48.1	3.4%	9.5%	51.0	53.3	56.3	5.4%	8.7%	
Service standards	1.4	1.5	1.6	1.6	5.8%	0.3%	1.7	1.8	1.7	2.3%	0.3%	
Substance abuse	2.2	1.7	3.2	2.6	5.6%	0.5%	2.8	2.9	3.0	5.3%	0.5%	
Older persons	1.8	1.9	2.0	2.1	5.6%	0.4%	2.3	2.4	2.5	5.3%	0.4%	
Disabilities	2.9	3.1	3.2	3.4	5.6%	0.7%	3.6	3.8	3.9	5.3%	0.6%	
Children	5.7	6.0	6.5	6.8	6.4%	1.3%	7.2	7.6	7.9	5.1%	1.2%	
Families	1.0	1.1	1.1	1.2	6.5%	0.2%	1.3	1.3	1.4	5.4%	0.2%	
Social crime prevention	3.1	2.5	3.5	3.7	5.5%	0.7%	3.9	4.1	4.4	5.7%	0.7%	
Cape Town Child Welfare Society	-	0.4	-	-	-	-	-	-	-	-	-	
National Association of People Living with HIV and AIDS	0.3	0.3	0.3	0.4	5.6%	0.1%	0.4	0.4	0.4	5.3%	0.1%	
<b>Departmental agencies and accounts</b>												
<b>Departmental agencies (non-business entities)</b>												
<b>Current</b>	<b>226.0</b>	<b>244.0</b>	<b>256.0</b>	<b>250.0</b>	<b>3.4%</b>	<b>51.2%</b>	<b>264.0</b>	<b>276.1</b>	<b>290.8</b>	<b>5.2%</b>	<b>45.3%</b>	
National Student Financial Aid Scheme	226.0	244.0	256.0	250.0	3.4%	51.2%	264.0	276.1	290.8	5.2%	45.3%	
<b>Provinces and municipalities</b>												
<b>Provinces</b>												
<b>Provincial Revenue Funds</b>												
<b>Capital</b>	-	-	-	-	-	-	<b>29.0</b>	<b>47.5</b>	<b>47.5</b>	-	<b>5.2%</b>	
Substance abuse treatment grant	-	-	-	-	-	-	29.0	47.5	47.5	-	5.2%	

## Personnel information

**Table 19.11 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Welfare Services Policy Development and Implementation Support	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			2013/14 - 2016/17		
Salary level	193	78	179	78.6	0.4	178	86.0	0.5	184	90.7	0.5	187	97.7	0.5	187	103.9	0.6	1.7%	100.0%
1 - 6	31	5	30	5.7	0.2	28	6.0	0.2	29	6.3	0.2	29	6.8	0.2	29	7.1	0.2	1.2%	15.6%
7 - 10	72	71	65	21.6	0.3	66	23.8	0.4	67	24.6	0.4	69	28.0	0.4	69	30.7	0.4	1.5%	36.8%
11 - 12	67	-	64	36.4	0.6	63	38.1	0.6	65	39.5	0.6	66	42.1	0.6	66	44.4	0.7	1.6%	35.3%
13 - 16	23	2	20	14.9	0.7	21	18.1	0.9	23	20.2	0.9	23	20.8	0.9	23	21.8	0.9	3.1%	12.2%

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

## Expenditure trends

Increasing the number of social workers is essential for providing an improved and standardised approach to social welfare services and is the programme's spending focus over the medium term. Through the *Social Worker Scholarships* subprogramme, the department provides scholarships which are administered by the National Student Financial Aid Scheme, to increase the number of social work students. The department expects to award scholarships to 4 154 students in 2016/17.

Through the *HIV and AIDS* subprogramme, which focuses on youth development and HIV prevention, the department makes transfer payments to loveLife to increase the number of HIV and AIDS awareness prevention and management programmes, including training 540 Groundbreakers and 2 700 mpintshis, who implement social and behaviour change programmes, each year.

The increase in expenditure in the *Youth* subprogramme in 2012/13 and in 2013/14 was due to the additional funding requirements of the youth camp events. Spending in the *Children* subprogramme has grown, with additional allocations in 2012/13 and 2013/14. These allocations are for the early childhood development audit to facilitate the implementation of government's outcomes on quality basic education and for systems to facilitate the rollout of the Isibindi model, a community based model of responding to the needs of orphaned and vulnerable children.

A key cost driver in the *Older Persons* subprogramme is the Golden Games, in which older people participate and compete in various sporting activities in order to promote active ageing. In 2012/13, the department carried all costs relating to the Golden Games as provincial budgets could not accommodate the event. In 2014/15, and 2015/16, the decrease in expenditure in the *Older Persons* subprogramme is due to cost sharing arrangements between provincial departments and the national Department of Sports and Recreation.

Between 2010/11 and 2013/14, the department embarked on a series of outreach programmes, which require a lot of travelling to various provinces, to increase public awareness of social development services offered by the department. As a result, the travel and subsistence expenditure under goods and services grew at an average annual rate of 33.2 per cent in this period. Spending on travel and subsistence was also driven by the department's obligation to travel to all provinces, in order to monitor policy implementation. Expenditure on consultants, the largest item within goods and services, is expected to increase in 2014/15, with additional funding of R21 million allocated for assistance in the planning, monitoring and scoping of projects to build substance abuse treatment centres.

The programme has a funded staff establishment of 193 posts, 15 of which were vacant at the end of November 2013 due to restructuring. The number of people employed in the programme is expected to increase to 187 by 2016/17 from 178 in 2013/14. Some of the identified vacant posts have been suspended as the department intends to abolish or redesign these posts. How this will be done depends on the new organisational structure, which is in the process of being approved. The estimates for the number of posts over the MTEF may change, based on the outcome of the restructuring process.

The trends in expenditure in the *Substance Abuse* and *Social Crime Prevention and Victim Empowerment* subprogrammes are discussed in the section that follows.

### Subprogramme: Substance Abuse

This subprogramme develops, supports and monitors the implementation of policies, legislation, norms and standards for the prevention and treatment of substance abuse. In 2012/13, a treatment model for substance abuse was developed and amended regulations in terms of the Prevention of and Treatment for Substance Abuse Act (2008) were finalised. In 2013/14, a series of television and print media advertisements were flighted as well as door-to-door campaigns on the dangers and effects of substance abuse in an effort to reduce incidences of substance abuse. The Prevention of and Treatment for Substance Abuse Act (2008) was proclaimed by the president and related regulations promulgated by the Minister of Social Development. The national drug master plan was approved by Cabinet in 2013/14 and implementation will be monitored until 2017/18. Over the MTEF period, four new public treatment centres will be constructed.

This subprogramme had a staff complement of 9 in 2013/14.

### Expenditure estimates

Table 19.12 Substance Abuse

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million	9.9	13.2	9.7	29.7	44.2%	86.3%	30.8	12.3	13.0	-24.2%	38.8%
<b>Current payments</b>											
Compensation of employees	3.5	3.7	3.9	4.1	5.4%	21.1%	4.5	4.5	4.8	5.3%	8.1%
Goods and services	6.4	9.4	5.7	25.6	58.7%	65.2%	26.3	7.8	8.2	-31.7%	30.7%
of which:											
Consultants and professional services: Business and advisory services	0.5	1.0	0.2	0.6	2.5%	3.1%	0.4	0.4	0.4	-10.3%	0.8%
Property payments	0.0	0.1	-	-	-100.0%	0.1%	-	-	-	-	-
Travel and subsistence	1.5	-	1.5	1.2	-6.6%	5.9%	1.2	1.5	1.7	11.0%	2.5%
Venues and facilities	1.4	-	0.4	3.2	31.9%	7.0%	0.2	0.3	0.3	-56.6%	1.8%

Table 19.12 Substance Abuse

R million	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Transfers and subsidies</b>	2.2	1.7	3.2	2.6	5.7%	13.5%	31.8	50.4	50.6	167.5%	61.1%
Provinces and municipalities	–	–	–	–	–	–	29.0	47.5	47.5	–	56.0%
Non-profit institutions	2.2	1.7	3.2	2.6	5.6%	13.3%	2.8	2.9	3.0	5.3%	5.1%
<b>Payments for capital assets</b>	–	0.1	0.0	0.1	–	0.2%	0.1	0.1	0.1	5.4%	0.1%
Machinery and equipment	–	0.1	0.0	0.1	–	0.2%	0.1	0.1	0.1	5.4%	0.1%
<b>Total</b>	<b>12.2</b>	<b>14.9</b>	<b>12.9</b>	<b>32.4</b>	<b>38.7%</b>	<b>100.0%</b>	<b>62.7</b>	<b>62.8</b>	<b>63.6</b>	<b>25.2%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>3.0%</b>	<b>3.3%</b>	<b>2.6%</b>	<b>5.9%</b>			<b>10.7%</b>	<b>10.3%</b>	<b>10.0%</b>		

## Personnel information

Table 19.13 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Substance Abuse	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17								
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
<b>Salary level</b>	<b>9</b>	<b>–</b>	<b>9</b>	<b>3.9</b>	<b>0.4</b>	<b>9</b>	<b>4.1</b>	<b>0.5</b>	<b>9</b>	<b>4.5</b>	<b>0.5</b>	<b>9</b>	<b>4.5</b>	<b>0.5</b>	<b>9</b>	<b>4.8</b>	<b>0.5</b>	<b>–</b>	<b>100.0%</b>
1 – 6	1	–	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.3	0.3	1	0.3	0.3	–	11.1%
7 – 10	3	–	3	0.7	0.3	3	0.8	0.3	3	0.8	0.3	3	0.8	0.3	3	0.8	0.3	–	33.3%
11 – 12	4	–	4	2.2	0.6	4	2.4	0.6	4	2.7	0.7	4	2.7	0.7	4	2.9	0.7	–	44.4%
13 – 16	1	–	1	0.8	0.8	1	0.8	0.8	1	0.8	0.8	1	0.8	0.8	1	0.9	0.9	–	11.1%

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

2. Rand million.

## Expenditure trends

Spending is expected to increase over the medium term as a result of a Cabinet approved additional allocation of R150 million over the MTEF period for the establishment of public substance abuse treatment centres in Northern Cape, Eastern Cape, North West and Free State. The Prevention of and Treatment for Substance Abuse Act (2008) prescribes that each province must have at least one treatment centre. There are currently only seven public treatment centres in four provinces and these are located in the cities. R29 million in 2014/15 and R47.5 million in 2015/16 and 2016/17 will be transferred to provinces as a schedule 5 conditional grant for the planning and construction of new substance abuse treatment centres in Northern Cape, Eastern Cape, North West and Free State. In addition, R21 million in 2014/15 and R2.5 million in 2015/16 and 2016/17 is allocated to the department to assist with the planning, norms and standards and scoping work for the treatment centres and to monitor their construction. This is evident in the growth on the budgetary allocation for consultants.

A once-off additional allocation of R20 million was provided in the 2013/14 adjustments budget for anti-substance abuse campaigns resulting in increased expenditure in advertising and the printing of campaign materials. The Prevention of and Treatment for Substance Abuse Act 70 (2008) encourages a preventative approach to substance abuse. The allocation for this was also informed by the increase in the number of incidences of substance abuse and related social ills as reported frequently in the media and as witnessed in presidential visits to drug ridden communities. In 2014/15, the subprogramme aims to reduce the demand for substances in communities by providing prevention services and monitoring the implementation of the national anti-substance abuse programme of action in the 9 provinces. This subprogramme had a funded staff establishment of 9 posts with no vacancies expected at the end of November 2013. The number of people employed over the medium term is expected to remain constant.

## Subprogramme: Social Crime Prevention and Victim Empowerment

This subprogramme develops, supports and monitors the implementation of policies, legislation and programmes to protect, empower and support victims of crime and violence as well as child, youth and adult

offenders. Key achievements in 2012/13 and 2013/14 include the implementation of the policy framework for the accreditation of diversion services; the approval of an integrated social crime prevention strategy; the development of the gender based violence manual; the development of the policy framework for the accreditation of services and programmes for victims of human trafficking; approval of the national policy guidelines and an intersectoral strategy for victim empowerment. In 2013/14, a 24-hour command centre was established to contribute towards the prevention of gender based violence and improve response services to its victims. The command centre provides comprehensive, integrated, consistent, coordinated and timely support and counselling services to victims of violence. The command centre also provides access to immediate telephonic counselling services and prompt referrals to social workers who can provide follow up psychosocial support to victims.

Over the MTEF period, the focus will be on strengthening and evaluating the pilot national command centre for victim empowerment, implementing an integrated social crime prevention strategy action plan and implementing the South African integrated programme of action addressing gender based violence.

This subprogramme had a staff complement of 22 in 2013/14.

## Expenditure estimates

**Table 19.14 Social Crime Prevention and Victim Empowerment**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
<b>Current payments</b>	<b>11.4</b>	<b>15.4</b>	<b>23.5</b>	<b>47.4</b>	<b>60.7%</b>	<b>85.3%</b>	<b>43.4</b>	<b>46.3</b>	<b>50.2</b>	<b>1.9%</b>	<b>92.0%</b>	
Compensation of employees	8.1	9.1	9.9	10.8	10.0%	33.2%	11.5	12.8	13.6	8.0%	24.0%	
Goods and services	3.3	6.3	13.6	36.6	123.0%	52.1%	31.9	33.4	36.5	–	68.0%	
<b>Transfers and subsidies</b>	<b>3.1</b>	<b>2.5</b>	<b>3.6</b>	<b>3.7</b>	<b>5.5%</b>	<b>11.3%</b>	<b>3.9</b>	<b>4.1</b>	<b>4.4</b>	<b>5.7%</b>	<b>7.9%</b>	
Non-profit institutions	3.1	2.5	3.5	3.7	5.5%	11.2%	3.9	4.1	4.4	5.7%	7.9%	
Households	–	–	0.1	–	–	0.1%	–	–	–	–	–	
<b>Payments for capital assets</b>	<b>0.1</b>	<b>3.5</b>	<b>0.3</b>	<b>0.0</b>	<b>-22.5%</b>	<b>3.4%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5.4%</b>	<b>0.1%</b>	
Machinery and equipment	0.1	3.5	0.3	0.0	-22.5%	3.4%	0.0	0.0	0.0	5.4%	0.1%	
<b>Total</b>	<b>14.6</b>	<b>21.4</b>	<b>27.4</b>	<b>51.1</b>	<b>51.7%</b>	<b>100.0%</b>	<b>47.3</b>	<b>50.4</b>	<b>54.6</b>	<b>2.2%</b>	<b>100.0%</b>	
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>3.7%</b>	<b>4.8%</b>	<b>5.5%</b>	<b>9.2%</b>			<b>8.1%</b>	<b>8.3%</b>	<b>8.5%</b>			

## Personnel information

**Table 19.15 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
<b>Social Crime Prevention and Victim Empowerment</b>			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
<b>Salary level</b>	25	17	22	10.0	0.5	22	10.8	0.5	22	11.5	0.5	22	12.8	0.6	22	13.6	0.6	–	100.0%
1 – 6	2	–	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	–	4.5%
7 – 10	8	17	7	2.4	0.3	7	2.4	0.4	7	2.4	0.4	7	2.5	0.4	7	2.8	0.4	–	31.8%
11 – 12	12	–	11	5.9	0.5	11	6.0	0.6	11	6.7	0.6	11	7.8	0.7	11	8.1	0.7	–	50.0%
13 – 16	3	–	3	1.5	0.5	3	2.2	0.7	3	2.2	0.7	3	2.45	0.8	3	2.5	0.8	–	13.6%

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

2. Rand million.

## Expenditure trends

Funds have been reprioritised in 2013/14 and over the MTEF period towards the establishment of a national gender based violence command centre, which will manage gender based violence cases. The command centre will respond to and intervene in all gender based violence incidents reported. The increased expenditure on consultants is as a result of the piloting of the centre through the department's partnership with a private partner. This also explains the increase in expenditure in the *Social Crime Prevention and Victim Empowerment* subprogramme in 2013/14 and over the MTEF period.

The spending focus in the *Social Crime Prevention and Victim Empowerment* subprogramme over the medium term will be on managing the command centre, drafting legislation on victim support services and enhancing the implementation and monitoring of social crime prevention and gender based violence programmes. The department will support the development of provincial victim empowerment programme services, such as the provision of temporary shelter and care, as well as counselling and life skills training, which also receive additional funding at the provincial level to expand places in shelters for victims of abuse. Expenditure in this subprogramme between 2010/11 and 2013/14 increased due to the implementation of the Child Justice Act (2008), which requires the development of diversion programmes. These programmes are for children who are awaiting trial or have been sentenced to compulsory residence in secure care facilities. They provide personal development services such as life skills training, substance abuse detoxification, anger management and vocational skills such as plumbing, motor mechanics, brick laying and welding. This subprogramme had a funded staff establishment of 25 posts, 3 of which were vacant at the end of November 2013 due to restructuring. The number of people employed is expected to remain constant over the medium term, at 22 employees.

## **Programme 5: Social Policy and Integrated Service Delivery**

### **Objectives**

- Facilitate community based research and planning by profiling 300 000 households in poverty by 2014/15.
- Strengthen social development service delivery in identified local municipalities by:
  - conducting community dialogues in 180 areas by 2014/15
  - conducting social mobilisation in 24 local municipalities by 2014/15.
- Build research, evidence based policy making and social policy capacity and expertise within the department by:
  - training 50 policy makers per year in social policy and social policy analysis by 2016/17
  - reviewing and developing at least 1 evidence based policy per year by 2016/17
  - implementing a research coordination and management strategy by 2014/15.
- Coordinate the implementation of social cluster public employment programmes such as the expanded public works programme by creating 64 320 job opportunities by 2014/15. Of these, 33 307 will be expanded public works programme jobs, 3 199 full time equivalents and 27 814 will be non-expanded public works programme jobs. This is an increase from a baseline of 55 576 total job opportunities in 2013/14.
- Improve access to adequate and nutritious food for vulnerable households and individuals by:
  - facilitating the establishment of food distribution centres, community food depots and community food and nutrition development centres in Mpumalanga, Northern Cape and Free State by 2014/15
  - facilitating the linkage of local food producers to social relief distress food distribution centres and community food and nutrition development centres by 2014/15.
- Create an efficient and enabling environment for the registration and compliance monitoring of non-profit organisations by:
  - processing 95 per cent of all non-profit organisation applications within 2 months of receipt by 2014/15
  - adjudicating 80 per cent of non-profit organisation appeals within 3 months by 2014/15
  - ensuring the approval of a policy for the amendment of the Non-profit Organisations Act (1997) by 2015/16
  - training 3 000 non-profit organisations on governance and compliance with the Non-Profit Organisations Act (1997) in 2014/15
  - training 300 provincial officials on non-profit organisation governance and compliance with the Non-Profit Organisation Act (1997) by 2014/15.
  - conducting non-profit organisation road shows in all 9 provinces
- Promote the implementation of government's population policy by:
  - continuously increasing awareness and building capacity to integrate population factors into development plans and programmes

- increasing understanding of the state of South Africa’s population by producing annual thematic reports on progress made with the implementation of the population policy.

## Subprogrammes

- *Social Policy Research and Development* provides strategic guidance on social policy development, coordination and evaluation; and supports the department’s responsibilities in the United Nations (UN), the United Nations Educational, Scientific and Cultural Organisation (UNESCO), the African Union (AU) and the Southern African Development Community (SADC) in areas relating to social policy, research and evidence based policy making. In 2013/14, 350 officials from the national and provincial departments and municipalities had been trained in social policy and policy analysis. In that same year, 6 evidence based policies were formulated; 4 research and policy briefs produced and reviewed; and a research coordination and management strategy approved. This subprogramme had a staff complement of 2 in 2013/14.
- *Special Projects and Innovation* provides for the coordination, incubation and innovation of departmental and social cluster initiatives such as the expanded public works programme. In 2012/13, the social sector expanded public works programme achieved 171 668 work opportunities, which is 92 per cent of the target. By the end of the third quarter of 2013/14, the social sector had created 148 905 work opportunities against a full year target of 255 000 with women and youth as main beneficiaries. Transfers of R1 million will be made in 2014/15 and 2015/16, and R1.1 million in 2016/17 to Soul City for the Kwanda television programme. The department facilitated the establishment of 5 Kwanda sites to ensure the provision of integrated social services to communities. This subprogramme had a staff complement of 9 in 2013/14.
- *Population Policy Promotion* supports, monitors and evaluates the implementation of the population policy by conducting research on population trends and dynamics, raising awareness on population and development concerns, and supporting and building technical capacity to implement the policy. In 2012/13, the subprogramme’s key focus areas were the adolescent sexual reproductive health rights campaign, research, 20 local youth dialogues and 10 intergenerational capacity building sessions. This work will be upscaled over the medium term with 50 intergenerational adolescent sexual reproductive health rights dialogues and 20 intergenerational capacity building sessions for community leaders planned. In 2013/14, the focus was mainly on the 15 year review of progress with the implementation of the Population Policy (1998-2013), which coincided with the 20 year review of the implementation of the programme of action that emanated from the 1994 International Conference on Population and Development in Cairo. Other focus areas entailed finalising the framework strategy on Adolescent Sexual and Reproductive Health and Rights, with a focus on young people; disseminating research findings at local level; and enhancing understanding to integrate population factors into development plans, especially at local level. This subprogramme had a staff complement of 40 in 2013/14.
- *Registration and Monitoring of Non-Profit Organisations* provides for the registration of non-profit organisations in terms of the Non-Profit Organisations Act (1997). By the end of September 2013, 97.7 per cent (7 440 out of 7 612) of applications had been processed within 2 months and 113 016 organisations had been registered, with 778 officials trained in non-profit organisation governance and legislation in the provinces. In addition, 1 290 non-profit organisations had been trained against a 2013/14 target of 2 500. This subprogramme had a staff complement of 67 in 2013/14.
- *Substance Abuse Advisory Services and Oversight* monitors the implementation of intersectoral policies, legislation, norms and standards for substance abuse, and monitors and provides support for implementing the national drug master plan through the Central Drug Authority, whose secretariat is the department’s responsibility. A key output in 2013/14 was cabinet approval of the national drug master plan, with monitoring of its implementation planned over the medium term. This subprogramme had a staff complement of 5 in 2013/14.
- *Community Development* develops and implements policies, strategies, guidelines and programmes to contribute towards the building of sustainable, vibrant and healthy communities free from poverty and hunger. As part of professionalising community development, new qualifications were developed and accredited. In 2012/13, the focus was on the development of the occupational framework with the support of the Health and Welfare Sector Educational Training Authority. By September 2013, 8 institutions of higher learning and other stakeholders had attended workshops on the new community development qualifications.

By September 2013, 143 community development practitioners had been trained in integrated development planning and the use of the sustainable livelihood toolkit and 214 community based organisations had been trained in facilitating community development. By 30 September 2013, 299 271 households had been profiled and 13 581 change agents identified, out of which 2 203 were linked to job opportunities while others were linked to 468 funded cooperatives. By September 2013, 46 144 households were accessing food through departmental food security programmes and 481 561 people accessed food through the South African Food Bank and community nutrition and development centres. This subprogramme had a staff complement of 28 in 2013/14.

- *National Development Agency* provides grants to civil society organisations to implement sustainable community driven projects that address food security, early childhood development and create employment and income opportunities. The agency also focuses on building capacity in non-profit organisations.

## Expenditure estimates

**Table 19.16 Social Policy and Integrated Service Delivery**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2014/15	2015/16	2016/17			
R million											
Social Policy Research and Development	3.4	3.7	3.7	5.3	15.7%	1.7%	5.2	5.6	6.0	4.4%	1.7%
Special Projects and Innovation	6.7	11.7	9.8	9.8	13.5%	4.0%	8.4	8.5	9.0	-2.5%	2.7%
Population Policy Promotion	19.1	24.7	25.4	24.0	7.9%	9.9%	27.9	29.4	31.6	9.6%	8.6%
Registration and Monitoring of Non-Profit Organisations	12.5	14.3	23.9	19.4	15.9%	7.5%	31.1	30.7	32.4	18.6%	8.6%
Substance Abuse Advisory Services and Oversight	3.5	5.9	3.9	5.2	14.6%	2.0%	6.4	6.5	6.8	9.3%	1.9%
Community Development	14.5	21.6	26.1	50.6	51.7%	12.0%	62.9	73.4	77.3	15.1%	20.1%
National Development Agency	83.5	161.4	166.3	171.7	27.2%	62.1%	178.3	184.4	194.2	4.2%	55.4%
Programme Management	1.2	1.6	1.1	3.7	46.0%	0.8%	3.0	3.2	3.4	-3.1%	1.0%
<b>Total</b>	<b>144.3</b>	<b>244.9</b>	<b>260.3</b>	<b>289.7</b>	<b>26.2%</b>	<b>100.0%</b>	<b>323.2</b>	<b>341.6</b>	<b>360.6</b>	<b>7.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			13.0	14.6	15.5		
<b>Economic classification</b>											
<b>Current payments</b>	<b>57.8</b>	<b>71.7</b>	<b>88.0</b>	<b>81.4</b>	<b>12.1%</b>	<b>31.8%</b>	<b>97.5</b>	<b>99.5</b>	<b>105.8</b>	<b>9.1%</b>	<b>29.2%</b>
Compensation of employees	40.4	42.9	48.0	57.4	12.5%	20.1%	63.4	67.7	71.9	7.8%	19.8%
Goods and services	17.4	28.8	40.1	23.9	11.3%	11.7%	34.1	31.9	33.9	12.2%	9.4%
of which:											
Consultants and professional services:	3.5	2.0	3.7	2.0	-17.1%	1.2%	4.5	4.6	5.5	39.6%	1.3%
Business and advisory services											
Travel and subsistence	6.2	10.1	13.3	10.7	19.7%	4.3%	8.5	6.2	5.4	-20.3%	2.3%
Venues and facilities	2.2	4.2	9.3	2.1	-0.9%	1.9%	6.7	6.3	6.6	45.7%	1.7%
<b>Transfers and subsidies</b>	<b>86.1</b>	<b>172.5</b>	<b>171.6</b>	<b>207.5</b>	<b>34.1%</b>	<b>67.9%</b>	<b>224.9</b>	<b>241.3</b>	<b>254.0</b>	<b>7.0%</b>	<b>70.5%</b>
Departmental agencies and accounts	83.5	161.4	166.3	171.7	27.2%	62.1%	178.3	184.4	194.2	4.2%	55.4%
Higher education institutions	-	-	-	-	-	-	0.4	0.4	0.5	-	0.1%
Foreign governments and international organisations	0.4	0.7	0.8	1.4	50.7%	0.4%	1.7	1.8	1.9	10.0%	0.5%
Non-profit institutions	1.9	10.4	4.5	3.4	20.2%	2.1%	3.5	3.6	3.7	3.6%	1.1%
Households	0.2	0.1	0.0	31.0	402.7%	3.3%	41.0	51.0	53.9	20.2%	13.5%
<b>Payments for capital assets</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>0.9</b>	<b>22.3%</b>	<b>0.3%</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>	<b>-2.9%</b>	<b>0.2%</b>
Machinery and equipment	0.5	0.6	0.7	0.9	22.3%	0.3%	0.7	0.8	0.8	-2.9%	0.2%
<b>Total</b>	<b>144.3</b>	<b>244.9</b>	<b>260.3</b>	<b>289.7</b>	<b>26.2%</b>	<b>100.0%</b>	<b>323.2</b>	<b>341.6</b>	<b>360.6</b>	<b>7.6%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>			<b>0.3%</b>	<b>0.2%</b>	<b>0.2%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>83.5</b>	<b>161.4</b>	<b>166.3</b>	<b>171.7</b>	<b>27.2%</b>	<b>62.1%</b>	<b>178.3</b>	<b>184.4</b>	<b>194.2</b>	<b>4.2%</b>	<b>55.4%</b>
National Development Agency	83.5	161.4	166.3	171.7	27.2%	62.1%	178.3	184.4	194.2	4.2%	55.4%
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31.0</b>	<b>-</b>	<b>3.3%</b>	<b>41.0</b>	<b>51.0</b>	<b>53.9</b>	<b>20.2%</b>	<b>13.5%</b>
Food relief	-	-	-	31.0	-	3.3%	41.0	51.0	53.9	20.2%	13.5%

## Personnel information

**Table 19.17 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15			2015/16			2016/17					2013/14 - 2016/17
Social Policy and Integrated Service Delivery		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	133	21	119	48.0	0.4	119	57.4	0.5	122	63.4	0.5	129	67.7	0.5	130	71.9	0.6	3.0%	100.0%
1 – 6	25	19	21	4.1	0.2	19	5.4	0.3	20	5.9	0.3	21	6.2	0.3	22	6.8	0.3	5.0%	16.4%
7 – 10	58	–	53	16.3	0.3	55	19.7	0.4	56	21.5	0.4	58	22.5	0.4	58	23.2	0.4	1.8%	45.4%
11 – 12	32	1	31	16.5	0.5	29	18.8	0.6	30	20.7	0.7	32	22.1	0.7	32	23.6	0.7	3.3%	24.6%
13 – 16	18	1	14	11.0	0.8	16	13.6	0.8	16	15.3	1.0	18	16.8	0.9	18	18.4	1.0	4.0%	13.6%

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

2. Rand million.

## Expenditure trends

Building sustainable, vibrant and healthy communities is this programme's largest area of spending. This work is carried out by the National Development Agency. Through a transfer payment it receives from the department, the agency implements sustainable community driven projects that provide support to non-profit organisations working on early childhood development, food security, employment creation and income opportunities.

Between 2013/14 and 2016/17, expenditure is expected to increase due to the additional allocation provided for food security through the Food for All programme carried out in the *Community Development* subprogramme. Non-profit organisations will administer the food relief programmes to various households. This is expected to result in 1.4 million people being fed through numerous hunger relief initiatives such as food banks and community nutrition development centres by 2016/17.

To increase public awareness of its services, the department conducted a series of outreach programmes between 2011/12 and 2012/13, which contributed to the increase in spending on travel and subsistence and booking of venues in the *Community Development* subprogramme. The growth in spending on goods and service items such as venues, travel and catering in 2012/13 was as a result of spending in a series of non-profit organisation dialogues and a non-profit organisation summit to facilitate engagement between government and non-profit organisations. The transfer allocation to the National Development Agency was significantly reduced in 2010/11 because the entity had accumulated large cash reserves over the past years.

The department has reprioritised R10 million for each year of the MTEF period from the South African Social Security Agency as an additional allocation to the *Registration and Monitoring of Non-profit Organisations* subprogramme to improve the management of the non-profit organisation database, make the process to register non-profit organisations more efficient, support non-profit organisations with registration and increase workforce capacity. A large number of non-profit organisations had been deregistered or had not met registration requirements, while delays were experienced in registering those who do meet requirements. The allocation will therefore improve the capacity of the non-profit organisation unit to reduce backlogs and provide improved support in the registration process. As a result of the reprioritisation, spending increases mainly in travel and subsistence for provincial visits to offer registration support to unregistered non-profit organisations and compensation to process registration applications.

The programme had a funded staff establishment of 133 posts, 14 of which were vacant at the end of 2013 due to the restructuring. These are non-essential lower level posts whose compensation funds will be utilised to fill essential line function posts. The number of people employed expected to reach 130 by 2016/17, accounts for the expected increase in spending on compensation of employees over this period.

## Public entities and other agencies

### South African Social Security Agency

#### Mandate and goals

The South African Social Security Agency Act (2004) provides for the establishment of the South African Social Security Agency, whose objectives are to ensure the effective and efficient administration, management and payment of social assistance. The core business of the agency is to administer and pay social assistance transfers. The agency has a large network of centres in provinces where citizens can apply for social grants. It also manages a large payment system to over 16 million beneficiaries monthly.

- The agency's strategic goals over the medium term are to:
  - improve the effectiveness and efficiency of the administration of the social assistance programme
  - ensure that eligible beneficiaries receive benefits due to them
  - improve the quality of service delivery by:
    - achieving a fully integrated and automated social assistance system
    - ensuring that the agency is optimally capacitated for service delivery
    - decreasing the incidence of payment of fraudulent grants.
- Other key focus areas over the medium term include improvements in the administration of social relief of distress, and to the management information system, the call centre, and the agency's infrastructure.

#### Selected performance indicators

**Table 19.18 South African Social Security Agency**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of local offices improved per year	Administration	Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all	-1	92	95	72	72	72	72
Number of pay points improved per year	Administration		-1	300	310	310	310	310	310
Average cost of administering social assistance (R/beneficiary) <sup>2</sup>	Benefits administration support	Outcome 6: An efficient, competitive and responsive economic infrastructure network	30	29	31	36	36	37	36
Administration cost as a percentage of social assistance transfers budget	Benefits administration support	Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all	5.9% (R5.2 bn)	5.5% (R5.3 bn)	5.6% (R5.8 bn)	5.7% (R6.3 bn)	5.7% (R6.9 bn)	5.5% (R7.1 bn)	5.2% (R7.2 bn)

1. This project started in 2011/12.

2. This is a gross average cost including the South African Social Security Agency as a whole.

#### Programmes/activities/objectives

**Table 19.19 South African Social Security Agency**

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
Administration	1 718.8	1 397.9	1 674.1	1 885.6	3.1%	29.6%	2 230.6	2 331.1	2 381.7	8.1%	32.0%
Benefits administration support	3 457.5	3 875.6	4 108.3	4 427.5	8.6%	70.4%	4 659.1	4 796.3	4 816.5	2.8%	68.0%
<b>Total expense</b>	<b>5 176.3</b>	<b>5 273.6</b>	<b>5 782.4</b>	<b>6 313.1</b>	<b>6.8%</b>	<b>100.0%</b>	<b>6 889.7</b>	<b>7 127.4</b>	<b>7 198.2</b>	<b>4.5%</b>	<b>100.0%</b>

The administration programme provides leadership, as well as management and support services, which include management information systems.

The benefits administration and support programme provides an efficient and effective grant administration service to implement social protection floors. These are a set of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion.

The programme manages the full function of grant administration from application to approval and beneficiary maintenance, benefit payment, customer care, strategic direction and guidance pertaining to grant operations. It monitors and evaluates improvements, innovations and service delivery networks and offers strategic guidance and support to ensure that an effective and efficient social security customer care service is provided to beneficiaries in a dignified manner. It also provides payment vendor and service point management, formulates grant projections to ensure the adequate availability of funds to be transferred to beneficiaries, and is responsible for disability administration and management. A new payment contractor tender awarded has resulted in significant savings. Biometric identification of grant recipients has been introduced, re-registration campaigns conducted, and anti-fraud campaigns intensified. This has resulted in significant savings in social grant payments amounting to R2 billion in 2013/14 (Grant savings are showing in the department's *Social Assistance* programme).

## Expenditure estimates

**Table 19.20 South African Social Security Agency**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	7.7	16.0	4.2	4.5	-16.6%	0.1%	4.7	4.9	5.2	5.3%	0.1%
Sale of goods and services other than capital assets	0.7	0.8	0.7	0.8	3.5%	0.0%	0.8	0.9	0.9	5.3%	0.0%
of which:											
Sales by market establishment	0.7	0.8	0.7	0.8	3.5%	0.0%	0.8	0.9	0.9	5.3%	0.0%
Other non-tax revenue	7.0	15.2	3.4	3.7	-19.2%	0.1%	3.9	4.1	4.3	5.3%	0.1%
<b>Transfers received</b>	<b>5 631.4</b>	<b>6 143.7</b>	<b>6 119.8</b>	<b>6 311.0</b>	<b>3.9%</b>	<b>99.9%</b>	<b>6 567.6</b>	<b>6 830.5</b>	<b>7 193.0</b>	<b>4.5%</b>	<b>99.9%</b>
<b>Total revenue</b>	<b>5 639.1</b>	<b>6 159.7</b>	<b>6 123.9</b>	<b>6 315.5</b>	<b>3.8%</b>	<b>100.0%</b>	<b>6 572.3</b>	<b>6 835.4</b>	<b>7 198.2</b>	<b>4.5%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>5 157.0</b>	<b>5 263.5</b>	<b>5 763.1</b>	<b>6 291.5</b>	<b>6.9%</b>	<b>99.7%</b>	<b>6 867.0</b>	<b>7 103.7</b>	<b>7 171.3</b>	<b>4.5%</b>	<b>99.7%</b>
Compensation of employees	1 623.5	1 781.6	2 068.4	2 355.4	13.2%	34.6%	2 526.1	2 700.5	2 870.6	6.8%	37.9%
Goods and services	3 472.3	3 407.5	3 625.6	3 870.9	3.7%	63.9%	4 272.5	4 341.5	4 219.7	2.9%	60.7%
of which:											
Agency and support/outourced services	86.6	94.1	95.6	146.0	19.0%	1.9%	153.9	162.1	162.1	3.5%	2.3%
Consultants and professional services	68.5	49.3	15.2	44.6	-13.3%	0.8%	46.5	49.0	49.0	3.2%	0.7%
Payment contractors	2 265.1	2 203.6	1 935.8	2 090.0	-2.6%	38.0%	2 193.0	2 211.6	2 209.5	1.9%	31.7%
Communication	102.0	90.7	108.0	187.1	22.4%	2.1%	323.7	341.2	359.2	24.3%	4.4%
Computer services	254.5	202.2	326.5	287.5	4.2%	4.7%	300.5	314.8	330.5	4.8%	4.5%
Travel and subsistence	25.1	28.4	31.3	128.8	72.5%	0.9%	137.1	144.4	144.4	3.9%	2.0%
Depreciation	59.4	74.4	69.1	64.3	2.6%	1.2%	67.5	60.7	79.9	7.5%	1.0%
Interest, dividends and rent on land	1.8	0.0	0.0	0.9	-21.9%	0.0%	0.9	0.9	1.0	4.9%	0.0%
<b>Transfers and subsidies</b>	<b>19.3</b>	<b>10.1</b>	<b>19.3</b>	<b>21.6</b>	<b>3.9%</b>	<b>0.3%</b>	<b>22.7</b>	<b>23.7</b>	<b>27.0</b>	<b>7.7%</b>	<b>0.3%</b>
<b>Total expenses</b>	<b>5 176.3</b>	<b>5 273.6</b>	<b>5 782.4</b>	<b>6 313.1</b>	<b>6.8%</b>	<b>100.0%</b>	<b>6 889.7</b>	<b>7 127.4</b>	<b>7 198.2</b>	<b>4.5%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>463.0</b>	<b>886.0</b>	<b>342.0</b>	<b>2.0</b>	<b>-83.7%</b>		<b>(317.0)</b>	<b>(292.0)</b>	<b>-</b>	<b>-100.0%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	450.6	476.5	477.0	391.4	-4.6%	36.2%	365.6	349.0	367.5	-2.1%	34.0%
of which:											
Acquisition of assets	24.0	126.7	44.6	255.3	119.9%	7.9%	5.6	5.6	5.9	-71.6%	4.9%
Inventory	13.7	8.8	14.8	11.9	-4.6%	1.0%	10.0	10.0	10.6	-3.9%	1.0%
Receivables and prepayments	34.6	32.8	22.3	38.2	3.3%	2.7%	40.1	42.0	44.2	5.0%	3.8%
Cash and cash equivalents	199.0	1 039.6	1 646.7	978.8	70.1%	60.1%	712.3	518.3	545.8	-17.7%	61.2%
<b>Total assets</b>	<b>698.0</b>	<b>1 557.7</b>	<b>2 160.7</b>	<b>1 420.2</b>	<b>26.7%</b>	<b>100.0%</b>	<b>1 128.0</b>	<b>919.2</b>	<b>968.0</b>	<b>-12.0%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	(137.5)	748.4	1 106.8	850.0	-283.5%	33.2%	573.0	365.7	385.0	-23.2%	47.6%
Finance lease	2.5	2.8	2.9	3.5	11.4%	0.2%	3.6	3.6	3.8	2.7%	0.3%
Trade and other payables	511.1	437.1	673.9	167.6	-31.0%	35.7%	157.3	157.0	165.3	-0.5%	15.0%
Provisions	321.9	369.4	377.2	580.8	21.7%	30.9%	587.6	597.0	628.7	2.7%	55.7%
<b>Total equity and liabilities</b>	<b>698.0</b>	<b>1 557.7</b>	<b>2 160.7</b>	<b>1 601.9</b>	<b>31.9%</b>	<b>100.0%</b>	<b>1 321.6</b>	<b>1 123.3</b>	<b>1 182.8</b>	<b>-9.6%</b>	<b>118.6%</b>

## Personnel information

**Table 19.21 South African Social Security Agency**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			2013/14 - 2016/17
Salary level	10 118	10 118	8 495	2 068.4	0.2	9 904	2 355.4	0.2	9 904	2 526.1	0.3	9 956	2 700.5	0.3	10 023	2 870.6	0.3	6.8%	100.0%
1 – 6	6 635	6 635	5 377	761.6	0.1	6 444	868.4	0.1	6 444	969.6	0.2	6 444	1 036.7	0.2	6 444	1 111.4	0.2	8.6%	64.8%
7 – 10	2 779	2 779	2 437	726.5	0.3	2 779	803.8	0.3	2 779	867.9	0.3	2 779	928.3	0.3	2 779	992.0	0.4	7.3%	27.9%
11 – 12	494	494	474	329.5	0.7	474	358.8	0.8	474	382.7	0.8	526	421.2	0.8	593	467.6	0.8	9.2%	5.2%
13 – 16	210	210	207	250.8	1.2	207	324.5	1.6	207	306.0	1.5	207	314.3	1.5	207	299.7	1.4	-2.6%	2.1%

1. Rand million.

## Expenditure trends

The strategic focus of the South African Social Security Agency remains the administration, management and payment of social assistance grants. Thus, the bulk of expenditure over the medium term is on compensation of employees and payments towards the cash contractor who has been contracted to disburse grant monies to beneficiaries. These two items on average make up about 34.9 per cent and 31.7 per cent of the total budget over the medium term. Furthermore, the agency will focus on making citizens' dealings with government easier, through better delivery and coordination of services. The agency is investigating options to build its own capacity as the paymaster, doing away with third party payment services.

A key focus point and cost driver of the agency in 2012/13 and 2013/14 was the re-registration project driven by the benefits administration support programme. The main aim was to root out fraud and corruption in the social grant system and lay the platform for a new payment solution. All social grants beneficiaries, including children, were required to re-register for their social grants. Included in this process was implementing a biometric based payment system. The agency embarked on significant media and communication campaigns to inform beneficiaries of the re-registration process. By December 2013, about 640 000 social grants that were being disbursed to ineligible beneficiaries were cancelled and suspended as a result of the re-registration project. This resulted in a R2 billion saving in that year.

The appointment of a single cash contractor in 2012/13 has not only reduced the cost of paying out social grants from an average of R32 to a standard fee of R16, but also transformed how social grants are paid out. All beneficiaries are provided with a biometric and pin enabled bank card which they can use to withdraw their social grants from ATMs and at points of sale such as local supermarkets. They are no longer required to collect their social grants in cash from a pay point. Looking ahead, the agency has appointed an advisory committee to assist with the development of a new payment system that will result in the South African Social Security Agency administering social grant payments on its own instead of relying on payment contractors. Payments to cash contractors make up the bulk of expenditure in goods and services under this programme.

Expenditure in the benefits administration support programme is also driven by the statutory requirement that the agency is obliged to meet. The Social Assistance Act (2004) requires the agency to perform certain activities in relation to the administration of grants, such as reviewing the status of grant beneficiaries to determine their eligibility status. The agency will ensure that the backlog in reviews is dealt with, targeting 2.6 million beneficiaries by 2014/15. A key project under this programme has been the standardisation project which began in 2011/12. By the end of 2012/13, all but three offices were implementing the four-step standardised grant process, resulting in 91 per cent of applications being processed within 21 days.

A key initiative under the administration programme has been the agency's approach to fraud management. In 2012/13, 78 per cent of fraud cases were investigated and 98 per cent of suspicious grants were verified for validity. The monetary value of cases finalised amounted to R59.4 million. In its drive to enhance accessibility of services, the agency has a significant geographic footprint of local offices throughout the country. Lease payments therefore make up a sizeable portion of the goods and services expenditure in this programme. The agency's focus will also be on enhancing its service delivery environment through continual improvements to its

local offices and pay points. 310 pay points and 72 local offices will be improved in each year over the MTEF period. The work of the agency is driven by ICT costs related to the social pension payment system which is budgeted for under this programme and makes up the bulk of the spending in computer services. Over the MTEF period, the agency will continue to modernise social grant administration and payments through numerous ICT interventions such as automating the grant application process, biometrically authenticating social pension payment system users, integrating different grant administration systems and enhancing interfaces with other government departments such as the Department of Home Affairs' national identification system.

After two years of overspending as a result of personnel related costs, the entity turned around its financial position from an accumulated deficit in 2010/11 to a surplus of R1.1 billion by end of 2012/13. These costs are expected to decline over the medium term as the entity invests in the development of its payment systems and technologies, and because of an increase in filled posts to build its own capacity as the paymaster, doing away with third party payment services.

In a drive to improve service delivery, the agency embarked on a standardisation of business operations across provinces. This led to the development of a new capacity model, which resulted in 1 489 prioritised posts being filled in 2011/12, including those of 300 extended public works programme workers who assist with queue management and enquiries. There has been a marked improvement in service delivery to beneficiaries, in particular the turnaround time from application to approval. The majority of the posts were filled within the benefits administration support programme. At the end of November 2013, a total of 9 313 posts were filled out of 10 188 funded posts, leaving 875 vacant funded posts. The posts were vacant because of the delay in the filling of the posts, following a human capacity assessment drive which was undertaken to determine the requisite capacity and possible trade-offs on the posts.

### **Other public entities and agencies**

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **National Development Agency** grants funds to civil society organisations for development projects for poor communities and for strengthening the institutional capacity of other civil society organisations that provide services to poor communities. It also promotes consultation and dialogue between civil society and the state, debates policy development and does research. The agency's total budget for 2014/15 is R190.9 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
<b>R million</b>										
<b>Departmental infrastructure</b>										
Construction of substance abuse treatment centres	Construction of substance abuse treatment centres	Pre-feasibility	26.0	-	-	-	-	21.0	2.5	2.5
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Construction of substance abuse treatment centres	Construction of substance abuse treatment centres	Pre-feasibility	124.0	-	-	-	-	29.0	47.5	47.5
<b>Total</b>			<b>150.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>



# Vote 20

## Sport and Recreation South Africa

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	131.3	129.1	0.1	2.2	137.1	145.3
Active Nation	615.2	54.2	561.0	–	642.5	680.3
Winning Nation	91.3	64.4	26.9	–	96.1	101.1
Sport Support	122.2	11.4	110.8	–	129.1	133.8
Infrastructure Support	10.4	10.4	–	–	11.0	11.6
<b>Total expenditure estimates</b>	<b>970.4</b>	<b>269.5</b>	<b>698.8</b>	<b>2.2</b>	<b>1 015.8</b>	<b>1 072.2</b>
Executive authority	Minister of Sport and Recreation South Africa					
Accounting officer	Director General of Sport and Recreation South Africa					
Website address	<a href="http://www.srsa.gov.za">www.srsa.gov.za</a>					

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

### Aim

*Transform the delivery of sport and recreation by ensuring equitable access, development and excellence at all levels of participation, thereby improving social cohesion, nation building and the quality of life of all South Africans.*

### Mandate

The department is established in terms of the Public Service Act (1994). Its legal mandate is derived from the National Sport and Recreation Act (1998), which requires it to oversee the development and management of sport and recreation in South Africa. The act also provides the framework for relationships between the department and its external clients. This includes the department's partnership with the South African Sports Confederation and Olympic Committee, which is key to improving South Africa's international ranking in selected sports. The act also ensures that South Africa contributes to sport, physical education and social cohesion by legislating on sports participation as well as on sports infrastructure.

### Strategic goals

The department's strategic goals over the medium term are to:

- increase citizens' access to sport and recreation activities
- oversee the transformation of the sport and recreation sector
- ensure that more athletes achieve international success
- develop enabling mechanisms to support sport and recreation
- ensure that sport and recreation are used as tools to support social cohesion and nation building.

### Programme purposes

#### Programme 1: Administration

**Purpose:** Manage the department and provide overall strategic and administrative support services.

**Programme 2: Active Nation**

**Purpose:** Support the provision of mass participation opportunities in sport and recreation.

**Programme 3: Winning Nation**

**Purpose:** Support the development of elite athletes.

**Programme 4: Sport Support**

**Purpose:** Develop and maintain an integrated support system to enhance the delivery of sport and recreation.

**Programme 5: Infrastructure Support**

**Purpose:** Regulate and manage the provision of sport and recreation facilities.

**Selected performance indicators****Table 20.1 Sport and Recreation South Africa**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of national school sport championships supported per year <sup>1</sup>	Active Nation	Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship	1	1	1	1	1	1	1
Number of major international events receiving intra-governmental support per year	Winning Nation		9	19	12	5	4	4	4
Number of sport and recreation bodies receiving financial support per year	Sport Support		61	54	68	60	60	60	60

1. The department has revised their programme budget structure to align it to the national sport and recreation plan; the broad strategic document for the sports sector in South Africa. The new indicators have been included to ensure alignment with this plan.

**The national development plan**

The national development plan recognises that sport plays an important role in promoting nation building, social cohesion and a healthy lifestyle. The department will therefore continue to provide opportunities for participation indirectly, through financial support to national sports federations, and directly by offering opportunities for participation in sports promotion projects. These include the national youth camp, the national indigenous games festival, the annual Big Walk and the Golden Games. The department plans to provide more focused support to 60 specifically identified and recognised sport and recreation bodies over the medium term, for maximum impact.

The plan specifically encourages school sport, which is viewed as an integral part of the holistic development of the learner. In partnership with the Department of Basic Education, the department will continue to coordinate a schools league programme, in which schools will participate in the league's 5 competition levels, culminating in the South African national school sport championship each year.

## Expenditure estimates

Table 20.2 Sport and Recreation South Africa

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate		Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17		
R million													
Administration	90.8	101.8	100.3	124.9	102.0	4.0%	9.5%		131.3	137.1	145.3	12.5%	12.6%
Active Nation	500.8	513.4	539.5	592.3	601.9	6.3%	51.8%		615.2	642.5	680.3	4.2%	61.9%
Winning Nation	45.5	103.1	292.5	228.8	229.5	71.5%	16.1%		91.3	96.1	101.1	-23.9%	12.6%
Sport Support	48.2	88.3	117.5	118.2	109.6	31.5%	8.7%		122.2	129.1	133.8	6.9%	12.0%
Infrastructure Support	7.2	4.0	4.3	9.3	4.0	-17.7%	0.5%		10.4	11.0	11.6	42.5%	0.9%
2010 FIFA World Cup Unit	559.6	-	-	-	-	-100.0%	13.4%		-	-	-	-	-
<b>Total</b>	<b>1 252.0</b>	<b>810.6</b>	<b>1 054.1</b>	<b>1 073.5</b>	<b>1 047.0</b>	<b>-5.8%</b>	<b>100.0%</b>		<b>970.4</b>	<b>1 015.8</b>	<b>1 072.2</b>	<b>0.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-	(26.5)				2.4	3.1	4.4		

### Economic classification

	179.5	193.6	219.7	258.4	232.0	8.9%	19.8%	269.5	282.5	299.0	8.8%	26.4%
<b>Current payments</b>												
Compensation of employees	70.6	73.1	73.7	85.9	63.6	-3.4%	6.7%	103.0	106.9	114.0	21.5%	9.4%
Goods and services	108.9	120.5	146.0	172.5	168.3	15.6%	13.1%	166.4	175.6	185.1	3.2%	16.9%
of which:												
Contractors	25.7	28.7	40.8	82.8	76.1	43.7%	4.1%	61.5	60.4	59.8	-7.7%	6.3%
Operating leases	4.9	6.6	0.7	17.2	14.6	44.1%	0.6%	19.0	19.5	19.9	10.8%	1.8%
Travel and subsistence	30.7	36.4	33.6	31.0	28.1	-2.9%	3.1%	36.5	39.5	42.2	14.5%	3.6%
Venues and facilities	8.5	12.2	15.4	6.3	18.5	29.6%	1.3%	10.1	12.7	14.2	-8.6%	1.4%
<b>Transfers and subsidies</b>	<b>1 067.3</b>	<b>615.8</b>	<b>833.2</b>	<b>812.9</b>	<b>812.9</b>	<b>-8.7%</b>	<b>80.0%</b>	<b>698.8</b>	<b>731.1</b>	<b>770.9</b>	<b>-1.8%</b>	<b>73.4%</b>
Provinces and municipalities	939.0	452.0	592.8	617.6	617.6	-13.0%	62.5%	525.6	549.8	579.0	-2.1%	55.3%
Departmental agencies and accounts	12.3	21.8	19.0	20.6	20.6	18.8%	1.8%	26.5	28.3	30.8	14.2%	2.6%
Foreign governments and international organisations	40.0	16.7	-	-	-	-100.0%	1.4%	-	-	-	-	-
Non-profit institutions	76.1	125.3	221.3	174.7	174.7	31.9%	14.3%	146.6	153.0	161.1	-2.7%	15.5%
Households	0.0	0.1	0.1	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>5.1</b>	<b>1.2</b>	<b>1.2</b>	<b>2.2</b>	<b>2.2</b>	<b>-24.7%</b>	<b>0.2%</b>	<b>2.2</b>	<b>2.3</b>	<b>2.3</b>	<b>1.8%</b>	<b>0.2%</b>
Machinery and equipment	4.6	1.0	1.2	2.2	2.2	-22.0%	0.2%	2.2	2.3	2.3	1.8%	0.2%
Software and other intangible assets	0.5	0.2	-	-	-	-100.0%	0.0%	-	-	-	-	-
Payments for financial assets	0.1	0.0	0.0	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Total</b>	<b>1 252.0</b>	<b>810.6</b>	<b>1 054.1</b>	<b>1 073.5</b>	<b>1 047.0</b>	<b>-5.8%</b>	<b>100.0%</b>	<b>970.4</b>	<b>1 015.8</b>	<b>1 072.2</b>	<b>0.8%</b>	<b>100.0%</b>

## Personnel information

Table 20.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Sport and Recreation South Africa	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Salary level	244	28	158	73.7	0.5	159	63.6	0.4	244	103.0	0.4	244	106.9	0.4	244	114.0	0.5	15.3%	100.0%
1 - 6	67	15	35	6.9	0.2	40	4.9	0.1	65	8.9	0.1	65	9.6	0.1	65	10.9	0.2	17.6%	26.4%
7 - 10	105	9	64	23.1	0.4	62	14.4	0.2	103	28.2	0.3	103	30.0	0.3	103	33.5	0.3	18.4%	41.6%
11 - 12	40	-	35	20.2	0.6	32	17.2	0.5	43	25.3	0.6	43	26.2	0.6	43	27.3	0.6	10.4%	18.1%
13 - 16	30	4	22	19.9	0.9	23	20.7	0.9	31	29.6	1.0	31	31.0	1.0	31	32.1	1.0	10.5%	13.0%
Other	2	-	2	3.7	1.8	2	6.4	3.2	2	11.1	5.5	2	10.0	5.0	2	10.2	5.1	-	0.9%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on increasing participation in school sport, and developing sport clubs and sporting hubs within communities. The main areas of expenditure will therefore be the *Active Nation* programme, which consists mainly of transfers of the mass participation and development grant to

provinces, and the *Sport Support* programme, from which transfers to sport federations are made. This expenditure accounts for the dominance of transfers and subsidies in departmental expenditure. The need to provide the necessary oversight in relation to the actual use of these transferred funds accounts for the growth in expenditure on travel and subsistence over the MTEF period.

Overall expenditure decreased between 2010/11 and 2013/14, following the completion of the 2010 FIFA World Cup projects, and is expected to decrease further between 2013/14 and 2014/15, from R1.1 billion to R970.4 million, due to the once-off allocation of R158.5 million in 2013/14 for the 2014 African Nations Championship.

There were 42 vacant posts in November 2013, mainly between levels 7 and 10, and the department plans to fill these over the medium term. This explains the projected increase in expenditure on compensation of employees over the MTEF period. Spending on operating leases is also projected to grow, due to the department's planned move to new premises in 2013/14 to accommodate the bigger staff complement.

Expenditure on contractors up to 2015/16 is mainly for payments to tertiary institutions on behalf of athletes receiving scientific support. After 2015/16, spending on contractors will mainly go towards the programme to train coaches, which accounts for the decline in spending on this item over the MTEF period.

Cabinet approved the following adjustments to the department's budget: additional allocations of R3.6 million in 2014/15, R4.2 million in 2015/16, and R5.5 million in 2016/17 to assist the South African Institute for Drug-Free Sport in ensuring that South Africa complies with the World Anti-Doping Agency code; and reductions of R3.4 million over the medium term through implementing efficiency measures, the details of which are discussed in the relevant programme sections.

## Departmental receipts

Table 20.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2010/11 - 2013/14	2014/15			2015/16
R thousand													
<b>Departmental receipts</b>	271	318	8 712	224	277	0.7%	100.0%	331	385	404	13.4%	100.0%	
Sales of goods and services produced by department	56	54	54	64	62	3.5%	2.4%	64	66	69	3.6%	18.7%	
Other sales	56	54	54	64	62	3.5%	2.4%	64	66	69	3.6%	18.7%	
of which:													
Rental parking: Covered and open	56	54	54	64	62	3.5%	2.4%	64	66	69	3.6%	18.7%	
Interest, dividends and rent on land	3	2	3	6	5	18.6%	0.1%	6	7	7	11.9%	1.8%	
Interest	3	2	3	6	5	18.6%	0.1%	6	7	7	11.9%	1.8%	
Sales of capital assets	-	-	-	-	60	-	0.6%	61	62	65	2.7%	17.8%	
Transactions in financial assets and liabilities	212	262	8 655	154	150	-10.9%	96.9%	200	250	263	20.6%	61.8%	
<b>Total</b>	271	318	8 712	224	277	0.7%	100.0%	331	385	404	13.4%	100.0%	

## Programme 1: Administration

### Expenditure estimates

Table 20.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16
R million												
Ministry	18.4	28.4	30.6	26.8	13.3%	25.0%	20.4	22.0	23.4	-4.4%	17.2%	
Management	11.4	13.7	14.2	15.4	10.6%	13.1%	18.6	20.3	21.5	11.6%	14.1%	
Strategic Support	4.5	5.0	4.9	5.6	7.9%	4.8%	6.6	7.0	7.4	9.7%	4.9%	
Corporate Services	34.3	34.4	34.6	42.9	7.7%	35.0%	44.2	45.3	48.1	3.9%	33.5%	
Office of the Chief Financial Officer	16.2	14.9	13.7	14.5	-3.5%	14.2%	19.9	20.3	21.6	14.1%	14.2%	
Office Accommodation	6.0	5.4	2.2	19.6	48.7%	7.9%	21.7	22.2	23.3	6.0%	16.1%	
<b>Total</b>	90.8	101.8	100.3	124.9	11.2%	100.0%	131.3	137.1	145.3	5.2%	100.0%	
Change to 2013 Budget estimate				0.5			-	-	-			

**Table 20.5 Administration**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million	88.9	100.5	98.9	122.6	11.3%	98.4%	129.1	134.7	142.9	5.2%	98.3%
<b>Current payments</b>	<b>88.9</b>	<b>100.5</b>	<b>98.9</b>	<b>122.6</b>	<b>11.3%</b>	<b>98.4%</b>	<b>129.1</b>	<b>134.7</b>	<b>142.9</b>	<b>5.2%</b>	<b>98.3%</b>
Compensation of employees	48.5	53.9	53.3	62.2	8.6%	52.2%	70.1	72.2	77.0	7.4%	52.3%
Goods and services	40.4	46.6	45.5	60.5	14.4%	46.2%	59.0	62.5	66.0	2.9%	46.0%
of which:											
Contractors	2.9	2.5	2.0	2.7	-2.8%	2.4%	4.5	4.6	4.9	22.2%	3.1%
Operating leases	4.9	6.6	0.7	17.2	52.0%	7.0%	19.0	19.5	19.9	5.0%	14.0%
Travel and subsistence	11.2	17.9	17.0	15.4	11.1%	14.7%	11.9	11.5	11.6	-9.0%	9.4%
Venues and facilities	0.6	0.6	1.8	1.1	23.7%	1.0%	1.1	1.4	1.6	11.3%	1.0%
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>8.1%</b>	<b>0.1%</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>4.9%</b>	<b>0.1%</b>
Departmental agencies and accounts	0.1	0.1	0.1	0.1	8.1%	0.1%	0.1	0.1	0.1	4.9%	0.1%
Households	-	0.1	0.1	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>1.7</b>	<b>1.2</b>	<b>1.2</b>	<b>2.2</b>	<b>9.0%</b>	<b>1.5%</b>	<b>2.2</b>	<b>2.3</b>	<b>2.3</b>	<b>1.8%</b>	<b>1.7%</b>
Machinery and equipment	1.2	1.0	1.2	2.2	22.5%	1.3%	2.2	2.3	2.3	1.8%	1.7%
Software and other intangible assets	0.5	0.2	-	-	-100.0%	0.2%	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>90.8</b>	<b>101.8</b>	<b>100.3</b>	<b>124.9</b>	<b>11.2%</b>	<b>100.0%</b>	<b>131.3</b>	<b>137.1</b>	<b>145.3</b>	<b>5.2%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	7.3%	12.6%	9.5%	11.6%			13.5%	13.5%	13.6%		

## Personnel information

**Table 20.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Administration	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Salary level	180	20	114	53.3	0.5	109	46.7	0.4	180	70.1	0.4	180	72.2	0.4	180	77.0	0.4	18.2%	100.0%
1 - 6	55	13	27	4.5	0.2	27	3.4	0.1	53	7.1	0.1	53	7.7	0.1	53	8.6	0.2	25.2%	28.7%
7 - 10	74	3	44	15.5	0.4	41	9.4	0.2	72	19.2	0.3	72	19.9	0.3	72	22.4	0.3	20.6%	39.6%
11 - 12	27	-	25	14.8	0.6	22	11.9	0.5	30	17.6	0.6	30	17.8	0.6	30	18.4	0.6	10.9%	17.3%
13 - 16	22	4	16	14.8	0.9	17	15.5	0.9	23	21.9	1.0	23	22.4	1.0	23	22.9	1.0	10.6%	13.3%
Other	2		2	3.7	1.8	2	6.4	3.2	2	4.3	2.2	2	4.4	2.2	2	4.7	2.3	-	1.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing corporate and other support services to the department, which accounts for the dominance of the *Corporate Services* subprogramme, and providing for the department's accommodation needs. Thus, the most significant items of expenditure in the programme are compensation of employees, travel and subsistence, and operating leases.

There were 180 funded posts in this programme, of which 109 were filled at the end of November 2013. The department plans to fill the vacant posts over the medium term. The expected growth in expenditure on compensation of employees over the MTEF period is due to the planned filling of key positions, like the chief director in *Corporate Services* and senior finance and budgeting positions in the office of the chief financial officer. Expenditure on travel and subsistence is mainly to provide for trips to and from Parliament and international travel to meetings, sport events and conventions of the United Nations Educational, Scientific and Cultural Organisation and the African Union Sports Council meetings. The spikes in travel and subsistence expenditure in 2011/12 and 2012/13 were due to travel to the Rugby World Cup in New Zealand, the Zone VI Games in Mozambique in 2011/12 and the Olympic Games in 2012/13.

The lease for office accommodation constitutes 7 per cent of the budget between 2010/11 and 2013/14, and is expected to increase over the medium term after the department's expected move to new premises at the end of 2013/14.

Spending on consultants is equivalent to 1.7 per cent of expenditure on compensation of employees in 2012/13. Consultants mainly provide legal and audio visual services, and conduct external auditing investigations.

R1.3 million over the medium term has been reprioritised from the external audit function to expand the internal audit function to support federations, public entities and provinces on the management of the mass participation and sport development conditional grant.

## **Programme 2: Active Nation**

### **Objectives**

- Contribute to improving the overall wellbeing of the nation by stimulating lifelong participation in active recreation through facilitating the delivery of at least 3 programmes (the Big Walk, youth camps and the Golden Games) in 2014/15.
- Contribute to social cohesion by offering innovative opportunities for communities to participate in sport through the delivery of at least 3 programmes (the indigenous games, modified sport and rural sport) in 2014/15.
- Foster lifelong learner participation in sport by developing school sport through the hosting of the South African national school sport championship in 2014/15.
- Facilitate sport and recreation participation and empowerment in partnership with provincial departments through the effective management of the 2014/15 mass participation and sport development conditional grant by:
  - ensuring that provincial grant business plans are aligned with the grant framework
  - monitoring the delivery of outputs to ensure that these are being done in line with the approved business plans.

### **Subprogrammes**

- *Programme Management: Active Nation* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 2 in 2013/14.
- *Active Recreation* delivers programmes to improve the health and wellbeing of the nation by providing mass participation opportunities in various formats to cater for a spectrum of participants. In 2013/14, the department hosted the Big Walk and 9 national youth camps at a total cost of R1.6 million, and supported the Department of Social Development in hosting the Golden Games. Campaigns, such as Move for your Health, were also supported and the ministerial advisory committee on recreation was set up. This subprogramme had a staff complement of 5 in 2013/14.
- *Community Sport* delivers sports promotion programmes by focusing on increasing the number of participants in sport and recreation, with an emphasis on disadvantaged communities. The subprogramme also manages the transfer to the loveLife programme, which aims to promote sport and recreation to build an HIV and AIDS free future. In 2013/14, the national indigenous games festival was hosted in Pretoria at an estimated cost of R10 million, and the Nelson Mandela Sport and Culture Day was hosted in Johannesburg in partnership with the Department of Arts and Culture. Rural sport improvement programmes, including ministerial outreach programmes, were implemented and a range of physical activities were offered through the sport and recreation hubs, at a cost of R3.4 million. This subprogramme had a staff complement of 7 in 2013/14.
- *School Sport* supports the delivery of sport programmes to learners in conjunction with the Department of Basic Education. The subprogramme supports the school sport league programme by providing equipment and attire, and coordinates the training of educators in code specific coaching, technical officiating, team management and sports administration with the focus on integrating 16 priority sport codes (including soccer, cricket, rugby, netball and athletics) and indigenous games (morabaraba and jukskei) into the school sport system. The subprogramme is also responsible for hosting the annual national school sport championship and plays an oversight role regarding the support offered to schools by provinces funded from the mass participation and sport development conditional grant. In 2013/14, 11 sports federations were supported in delivering capacity building programmes to educators and a national school sport championship

attended by approximately 7 000 learners was hosted in Mangaung at a cost of R48 million. This subprogramme had a staff complement of 8 in 2013/14.

- *Provincial Sport Support and Coordination* transfers the mass participation and sport development conditional grant to provinces.

## Expenditure estimates

**Table 20.7 Active Nation**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Programme Management: Active Nation	1.6	0.4	0.2	2.3	12.9%	0.2%	2.6	3.4	3.6	15.9%	0.5%
Active Recreation	0.8	0.9	0.9	1.0	5.0%	0.2%	1.0	1.0	1.1	4.7%	0.2%
Community Sport	48.0	48.0	43.2	81.9	19.5%	10.3%	53.8	55.3	58.2	-10.7%	9.8%
School Sport	23.9	12.2	25.6	9.6	-26.2%	3.3%	32.2	33.1	38.5	58.7%	4.5%
Provincial Sport Support and Coordination	426.4	452.0	469.6	497.6	5.3%	86.0%	525.6	549.8	579.0	5.2%	85.0%
<b>Total</b>	<b>500.8</b>	<b>513.4</b>	<b>539.5</b>	<b>592.3</b>	<b>5.8%</b>	<b>100.0%</b>	<b>615.2</b>	<b>642.5</b>	<b>680.3</b>	<b>4.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(1.0)			(2.3)	(3.0)	(0.2)		

### Economic classification

	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	Average growth rate (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17	Average growth rate (%)
<b>Current payments</b>	<b>30.7</b>	<b>28.1</b>	<b>37.4</b>	<b>61.1</b>	<b>25.8%</b>	<b>7.3%</b>	<b>54.2</b>	<b>56.1</b>	<b>62.9</b>	<b>1.0%</b>	<b>9.3%</b>
Compensation of employees	6.8	7.2	6.1	9.8	13.2%	1.4%	16.3	16.4	17.3	20.6%	2.4%
Goods and services	23.9	21.0	31.4	51.2	29.0%	5.9%	38.0	39.7	45.6	-3.8%	6.9%
of which:											
Contractors	1.1	1.3	1.1	36.4	221.4%	1.9%	13.0	14.0	15.0	-25.5%	3.1%
Travel and subsistence	9.7	8.1	5.5	7.6	-7.9%	1.4%	13.8	14.0	17.4	31.9%	2.1%
Venues and facilities	1.6	4.6	2.2	3.0	24.7%	0.5%	3.6	3.9	4.1	11.1%	0.6%
<b>Transfers and subsidies</b>	<b>470.1</b>	<b>485.3</b>	<b>502.1</b>	<b>531.3</b>	<b>4.2%</b>	<b>92.7%</b>	<b>561.0</b>	<b>586.4</b>	<b>617.5</b>	<b>5.1%</b>	<b>90.7%</b>
Provinces and municipalities	426.4	452.0	469.6	497.6	5.3%	86.0%	525.6	549.8	579.0	5.2%	85.0%
Non-profit institutions	43.7	33.3	32.4	33.7	-8.3%	6.7%	35.3	36.6	38.5	4.6%	5.7%
<b>Total</b>	<b>500.8</b>	<b>513.4</b>	<b>539.5</b>	<b>592.3</b>	<b>5.8%</b>	<b>100.0%</b>	<b>615.2</b>	<b>642.5</b>	<b>680.3</b>	<b>4.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>40.0%</b>	<b>63.3%</b>	<b>51.2%</b>	<b>55.2%</b>			<b>63.4%</b>	<b>63.3%</b>	<b>63.5%</b>		

### Details of selected transfers and subsidies

	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	Average growth rate (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17	Average growth rate (%)
<b>Non-profit institutions</b>											
<b>Current</b>	<b>43.7</b>	<b>33.3</b>	<b>32.4</b>	<b>33.7</b>	<b>-8.3%</b>	<b>6.7%</b>	<b>35.3</b>	<b>36.6</b>	<b>38.5</b>	<b>4.6%</b>	<b>5.7%</b>
Sport federations	15.0	2.9	0.2	-	-100.0%	0.8%	-	-	-	-	-
loveLife	28.7	30.4	32.2	33.7	5.5%	5.8%	35.3	36.6	38.5	4.6%	5.7%
<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Current</b>	<b>426.4</b>	<b>452.0</b>	<b>469.6</b>	<b>497.6</b>	<b>5.3%</b>	<b>86.0%</b>	<b>525.6</b>	<b>549.8</b>	<b>579.0</b>	<b>5.2%</b>	<b>85.0%</b>
Mass participation and sport development grant	426.4	452.0	469.6	497.6	5.3%	86.0%	525.6	549.8	579.0	5.2%	85.0%

## Personnel information

**Table 20.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number							
	Number of funded posts	Number of posts additional to the establishment	Actual						Revised estimate						Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)
			2012/13			2013/14			2014/15			2015/16			2016/17							
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
<b>Active Nation</b>			18	6.1	0.3	22	7.4	0.3	23	16.3	0.7	23	16.4	0.7	23	17.3	0.8	1.5%	100.0%			
<b>Salary level</b>	23	3																				
1 – 6	5	2	2	0.2	0.1	5	0.6	0.1	5	0.8	0.2	5	0.9	0.2	5	1.0	0.2	-	22.0%			
7 – 10	12	1	9	1.6	0.2	11	2.6	0.2	12	3.8	0.3	12	4.3	0.4	12	4.8	0.4	2.9%	51.6%			
11 – 12	3	-	5	2.5	0.5	3	1.6	0.5	3	1.8	0.6	3	2.0	0.7	3	2.0	0.7	-	13.2%			
13 – 16	3	-	2	1.7	0.9	3	2.6	0.9	3	3.1	1.0	3	3.6	1.2	3	3.9	1.3	-	13.2%			
Other	-	-	-	-	-	-	-	-	-	6.8	-	-	5.6	-	-	5.5	-	-	-			

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on promoting mass participation in sport and recreation through the mass participation and sport development conditional grant, which supports school sport, club development, sporting hubs, sport academies and sport councils and accounts for the dominance of expenditure on transfers to provinces in the programme. An average of 85 per cent of the programme's total allocation over the medium term will be spent on the grant in the *Provincial Sport Support and Coordination* subprogramme. The management and oversight exercised by the department in respect of the grant partially accounts for the increased expenditure on travel and subsistence, which falls under the *Community Sport* and *School Sport* subprogrammes.

School sport remains a priority for the department as it is the bedrock for sport development in the country, as reflected in the growth in expenditure in the *School Sport* subprogramme over the MTEF period. The main activity in this subprogramme is the South African national school sport championship. Staged annually, the event explains the relative significance of expenditure on travel and subsistence and venues and facilities within expenditure on goods and services. The decrease in expenditure in this subprogramme in 2013/14 was due to the once-off shifting of funds to the *Community Sport* subprogramme for the Nelson Mandela Sport and Culture Day.

The programme had a funded establishment of 23, with 1 vacancy, at the end of November 2013. This vacancy is expected to be filled in 2014/15. In addition, contract positions set to be created in 2014/15 to assist provinces in implementing their respective school sport programmes account for the growth in expenditure on compensation of employees over the medium term.

## Programme 3: Winning Nation

### Objectives

- Contribute to nation building by financially supporting, monitoring and evaluating the services delivered by the South African Sports Confederation and Olympic Committee in preparing and delivering South African teams for participation at selected international multi-sport code events on an ongoing basis.
- Promote drug free sport by providing financial support annually to the South African Institute for Drug Free Sport to ensure that South Africa complies with the World Anti-Doping Agency code.
- Encourage the staging of major sport events in South Africa by providing support to sport federations for event bidding and hosting and supporting services for 4 events in 2014/15 in accordance with the approved events calendar.
- Promote sport tourism in South Africa by hosting Ekhaya, the hospitality centre showcasing South Africa, at the 2014/15 Commonwealth Games in Glasgow.
- Support international participation of South African sports people by facilitating all their requests for assistance in acquiring visas and passports in 2014/15 and over the medium term.
- Promote national pride by acknowledging sporting achievements, both contemporary and past performances, through the delivery of recognition systems including: hosting the 2014 Sports Awards, bestowing the green jacket accolade on deserving sports stars, and rewarding exceptional performances achieved throughout 2014/15 with a financial incentive.

### Subprogrammes

- *Programme Management: Winning Nation* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 2 in 2013/14.
- *Scientific Support* supports the South African Sports Confederation and Olympic Committee, by means of a transfer payment, to implement measures to prepare Team South Africa for international performances. The subprogramme is also responsible for supporting the South African Institute for Drug-Free Sport, through a transfer payment, to ensure compliance with the World Anti-Doping Agency code. In 2013/14, 41 athletes and coaches were assisted through scientific support programmes at a cost of R15.3 million.

- *Major Events Support* coordinates and manages government's support services for hosting identified major events in South Africa. In 2013/14, the African Nations Championship, Soweto Tennis Open, World Transplant Games, World Gym for Life Challenge, Union Cycliste Internationale Mountain Bike and Trials World Championships, and the World Anti-Doping Agency conference on doping in sport were supported. This subprogramme had a staff complement of 2 in 2013/14.
- *Recognition Systems* provides opportunities for the public acknowledgement of contemporary sports successes as well as those achieved in the past by sporting legends. Events include the annual South African Sports Awards and the Andrew Mlangeni Green Jacket Awards for sporting legends. Financial incentives are also provided for outstanding performances by South African athletes. The annual South African Sports Awards were held at a cost of R17.5 million in 2013/14.

## Expenditure estimates

**Table 20.9 Winning Nation**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Programme Management: Winning Nation	1.6	1.7	1.8	1.9	5.0%	1.1%	2.0	2.1	2.2	4.7%	1.6%
Scientific Support	32.3	38.3	48.6	44.7	11.4%	24.5%	60.2	64.3	68.6	15.4%	45.9%
Major Events Support	11.5	43.1	224.9	160.3	140.4%	65.7%	10.3	10.9	11.4	-58.5%	37.3%
Recognition Systems	-	20.0	17.1	21.9	-	8.8%	18.8	18.9	18.9	-4.8%	15.2%
<b>Total</b>	<b>45.5</b>	<b>103.1</b>	<b>292.5</b>	<b>228.8</b>	<b>71.3%</b>	<b>100.0%</b>	<b>91.3</b>	<b>96.1</b>	<b>101.1</b>	<b>-23.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				2.0			8.6	10.1	11.0		

### Economic classification

<b>Current payments</b>	<b>35.5</b>	<b>47.8</b>	<b>61.1</b>	<b>50.8</b>	<b>12.7%</b>	<b>29.1%</b>	<b>64.4</b>	<b>67.5</b>	<b>69.9</b>	<b>11.2%</b>	<b>48.8%</b>
Compensation of employees	2.3	2.5	1.9	2.5	3.1%	1.4%	8.8	9.7	10.4	60.6%	6.1%
Goods and services	33.2	45.3	59.2	48.3	13.4%	27.8%	55.6	57.8	59.5	7.2%	42.8%
<i>of which:</i>											
Contractors	20.4	23.8	36.7	36.4	21.3%	17.5%	36.7	35.3	33.2	-3.0%	27.4%
Travel and subsistence	4.5	5.9	5.9	4.6	0.6%	3.1%	6.6	7.9	9.3	26.6%	5.5%
Venues and facilities	4.6	6.5	9.1	1.9	-24.9%	3.3%	4.4	6.2	6.9	52.9%	3.8%
<b>Transfers and subsidies</b>	<b>10.0</b>	<b>55.3</b>	<b>231.3</b>	<b>178.0</b>	<b>160.7%</b>	<b>70.9%</b>	<b>26.9</b>	<b>28.6</b>	<b>31.2</b>	<b>-44.0%</b>	<b>51.2%</b>
Provinces and municipalities	-	-	123.1	120.0	-	36.3%	-	-	-	-100.0%	23.2%
Departmental agencies and accounts	10.0	11.6	13.9	14.0	11.8%	7.4%	18.5	19.8	21.9	16.0%	14.4%
Foreign governments and international organisations	-	16.7	-	-	-	2.5%	-	-	-	-	-
Non-profit institutions	-	27.1	94.4	44.0	-	24.7%	8.4	8.8	9.3	-40.3%	13.6%
<b>Total</b>	<b>45.5</b>	<b>103.1</b>	<b>292.5</b>	<b>228.8</b>	<b>71.3%</b>	<b>100.0%</b>	<b>91.3</b>	<b>96.1</b>	<b>101.1</b>	<b>-23.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>3.6%</b>	<b>12.7%</b>	<b>27.7%</b>	<b>21.3%</b>			<b>9.4%</b>	<b>9.5%</b>	<b>9.4%</b>		

### Details of selected transfers and subsidies

<b>Provinces and municipalities</b>											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>123.1</b>	<b>120.0</b>	<b>-</b>	<b>36.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>23.2%</b>
2013 African Cup of nations host city operating grant	-	-	123.1	-	-	18.4%	-	-	-	-	-
2014 African nations championship host city operating grant	-	-	-	120.0	-	17.9%	-	-	-	-100.0%	23.2%
<b>Non-profit institutions</b>											
<b>Current</b>	<b>-</b>	<b>27.1</b>	<b>94.4</b>	<b>44.0</b>	<b>-</b>	<b>24.7%</b>	<b>8.4</b>	<b>8.8</b>	<b>9.3</b>	<b>-40.3%</b>	<b>13.6%</b>
Sport federations	-	7.1	-	-	-	1.1%	-	-	-	-	-
South African Sports Confederation and Olympic Committee	-	20.0	10.4	8.0	-	5.7%	8.4	8.8	9.3	5.5%	6.7%
2013 African Cup of Nations: local organising committee	-	-	84.0	-	-	12.5%	-	-	-	-	-
2014 African Nations Championship local organising committee	-	-	-	36.0	-	5.4%	-	-	-	-100.0%	7.0%

Table 20.9 Winning Nation

Details of selected transfers and subsidies			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
Audited outcome						2013/14					2013/14 - 2016/17
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17	
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
Current	10.0	11.6	13.9	14.0	11.8%	7.4%	18.5	19.8	21.9	16.0%	14.4%
South African Institute for Drug Free Sport	10.0	11.6	13.9	14.0	11.8%	7.4%	18.5	19.8	21.9	16.0%	14.4%
<b>Foreign governments and international organisations</b>											
Current	-	16.7	-	-	-	2.5%	-	-	-	-	-
Federation Internationale de Football Association	-	16.7	-	-	-	2.5%	-	-	-	-	-

## Personnel information

Table 20.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Winning Nation	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Salary level	23	1	4	1.9	0.5	17	5.9	0.3	23	8.8	0.4	23	9.7	0.4	23	10.4	0.5	10.6%	100.0%
1 - 6	5	-	1	0.4	0.4	5	0.6	0.1	5	0.6	0.1	5	0.7	0.1	5	0.8	0.2	-	23.3%
7 - 10	11	1	2	0.7	0.4	6	1.5	0.2	11	3.1	0.3	11	3.4	0.3	11	3.6	0.3	22.4%	45.3%
11 - 12	4	-	-	-	-	4	2.1	0.5	4	2.5	0.6	4	2.8	0.7	4	2.9	0.7	-	18.6%
13 - 16	3	-	1	0.8	0.8	2	1.7	0.9	3	2.6	0.9	3	2.9	1.0	3	3.0	1.0	14.5%	12.8%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing scientific support to athletes as reflected in the *Scientific Support* subprogramme. In this period, the subprogramme will receive an additional allocation of R13.3 million for the transfer to the South African Institute for Drug-Free Sport. The additional funds are to assist the institute in ensuring that South Africa complies with the World Anti-Doping Agency code.

Expenditure on contractors in the *Scientific Support* subprogramme grew significantly from 2010/11 to 2013/14, due to the department intensifying support for elite athletes through high performance centres in preparation for major events over this period, including the 2012 Olympic Games. The fluctuations in the transfers to non-profit institutions are due to once-off allocations of R84 million in 2012/13 to host the 2013 Africa Cup of Nations, and R36 million in 2013/14 for the 2014 African Nations Championship. As a result, spending in the *Major Events* subprogramme fluctuates between 2010/11 and 2013/14.

The *Recognition Systems* subprogramme was introduced in 2011/12. Expenditure has fluctuated in this subprogramme from inception, mainly due to financial incentives paid to athletes for their achievements at international events in 2011/12 and 2013/14. These payments were made through transfers to the South African Sports Confederation and Olympic Committee and are reflected under transfers to non-profit institutions. As part of Cabinet approved budget reductions, the *Recognition Systems* subprogramme expenditure will be reduced by R3.4 million over the medium term. The impact of this reduction on service delivery will be minimised as private sector donors are brought in to augment funding for the recognition of performances.

The number of personnel in this programme is expected to increase from 17 in 2013/14 to 23 in 2016/17. This accounts for the increase in expenditure on compensation of employees over the medium term as vacant posts are filled to provide the capacity required to support the implementation of the newly endorsed national sport and recreation plan. The department delayed filling these posts to ensure that the new organisational structure would be aligned with this plan.

## Programme 4: Sport Support

### Objectives

- Contribute towards uniting the country by supporting 60 national sports federations and other non-governmental organisations that offer sport and recreation opportunities to all South Africans, in 2014/15.
- Support South Africa's sport developmental goals by activating and managing bilateral relations with countries in the rest of Africa and abroad through actively participating and influencing decision-making in identified multilateral organisations such as the African Union Sports Council, the United Nations, the Commonwealth and the World Anti-Doping Agency, among others, in 2014/15.

### Subprogrammes

- *Programme Management: Sport Support* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 1 in 2013/14.
- *International Liaison* coordinates and strengthens bilateral and multilateral sport and recreation relations with international partners to support sport and recreation development in South Africa. Key bilateral agreements reached in 2013/14 include those with Lesotho, New Zealand, Burundi and Australia. This subprogramme had a staff complement of 2 in 2013/14.
- *Sport and Recreation Service Providers* transfers funds to sport and recreation organisations, predominantly national federations; monitors the use of these funds in line with service level agreements signed between the national federations and the department; administers the transfers made to Boxing South Africa and to non-governmental organisations; monitors governance and sport development; and oversees the implementation of transformation programmes in line with the transformation charter and scorecard. 68 recognised sport and recreation bodies were supported in 2013/14 at a cost of R138.6 million. This subprogramme had a staff complement of 3 in 2013/14.

### Expenditure estimates

Table 20.11 Sport Support

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17		
R million											
Programme Management: Sport Support	2.4	2.9	2.9	3.0	7.8%	3.0%	1.9	2.3	2.5	-6.7%	1.9%
International Liaison	3.0	4.6	4.7	3.4	5.0%	4.2%	2.4	2.5	2.0	-15.9%	2.1%
Sport and Recreation Service Providers	42.8	80.8	109.9	111.7	37.7%	92.8%	117.9	124.2	129.3	5.0%	96.0%
<b>Total</b>	<b>48.2</b>	<b>88.3</b>	<b>117.5</b>	<b>118.2</b>	<b>34.9%</b>	<b>100.0%</b>	<b>122.2</b>	<b>129.1</b>	<b>133.8</b>	<b>4.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(1.5)			(4.8)	(4.8)	(7.3)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>13.6</b>	<b>13.3</b>	<b>18.0</b>	<b>14.6</b>	<b>2.4%</b>	<b>16.0%</b>	<b>11.4</b>	<b>13.1</b>	<b>11.8</b>	<b>-7.0%</b>	<b>10.1%</b>
Compensation of employees	6.2	7.3	9.9	9.0	12.9%	8.7%	4.2	4.7	5.2	-16.7%	4.6%
Goods and services	7.4	5.9	8.1	5.6	-8.6%	7.3%	7.2	8.5	6.6	5.2%	5.5%
of which:											
Contractors	0.9	0.7	–	2.2	36.2%	1.0%	2.1	0.8	0.8	-28.8%	1.2%
Travel and subsistence	3.1	3.4	4.9	2.0	-13.9%	3.6%	3.1	5.2	2.7	11.3%	2.6%
Venues and facilities	1.8	0.5	2.0	0.2	-54.1%	1.2%	1.0	1.3	1.5	106.3%	0.8%
<b>Transfers and subsidies</b>	<b>34.6</b>	<b>75.0</b>	<b>99.6</b>	<b>103.6</b>	<b>44.2%</b>	<b>84.0%</b>	<b>110.8</b>	<b>115.9</b>	<b>122.1</b>	<b>5.6%</b>	<b>89.9%</b>
Departmental agencies and accounts	2.2	10.1	5.1	6.6	43.7%	6.4%	7.9	8.4	8.8	10.4%	6.3%
Non-profit institutions	32.4	64.9	94.5	97.0	44.2%	77.6%	102.9	107.6	113.3	5.3%	83.6%
<b>Total</b>	<b>48.2</b>	<b>88.3</b>	<b>117.5</b>	<b>118.2</b>	<b>34.9%</b>	<b>100.0%</b>	<b>122.2</b>	<b>129.1</b>	<b>133.8</b>	<b>4.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>3.8%</b>	<b>10.9%</b>	<b>11.2%</b>	<b>11.0%</b>			<b>12.6%</b>	<b>12.7%</b>	<b>12.5%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Non-profit institutions</b>											
<b>Current</b>	<b>32.4</b>	<b>64.9</b>	<b>94.5</b>	<b>97.0</b>	<b>44.2%</b>	<b>77.6%</b>	<b>102.9</b>	<b>107.6</b>	<b>113.3</b>	<b>5.3%</b>	<b>83.6%</b>
Sport federations	32.4	64.9	94.5	97.0	44.2%	77.6%	102.9	107.6	113.3	5.3%	83.6%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>2.2</b>	<b>10.1</b>	<b>5.1</b>	<b>6.6</b>	<b>43.7%</b>	<b>6.4%</b>	<b>7.9</b>	<b>8.4</b>	<b>8.8</b>	<b>10.4%</b>	<b>6.3%</b>
Boxing South Africa	2.2	10.1	5.1	6.6	43.7%	6.4%	7.9	8.4	8.8	10.4%	6.3%

## Personnel information

**Table 20.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Sport Support</b>																			
Salary level	9	2	18	9.9	0.5	6	2.0	0.3	9	4.2	0.5	9	4.7	0.5	9	5.2	0.6	14.5%	100%
1 – 6	1	–	4	1.6	0.4	1	0.1	0.1	1	0.1	0.1	1	0.2	0.2	1	0.2	0.2	–	12.1%
7 – 10	4	2	8	4.5	0.6	3	0.7	0.2	4	1.1	0.3	4	1.2	0.3	4	1.4	0.3	10.1%	45.5%
11 – 12	3	–	4	2.0	0.5	2	1.1	0.6	3	1.8	0.6	3	2.0	0.7	3	2.2	0.7	14.5%	33.3%
13 – 16	1	–	2	1.7	0.9	–	–	–	1	1.1	1.1	1	1.2	1.2	1	1.4	1.4	–	9.1%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on supporting recognised sport federations through transfers to non-profit institutions in the *Sport and Recreation Service Providers* subprogramme. These transfers constitute 83.6 per cent of the programme's allocation over the medium term and will ensure that 60 sport federations are supported in each year of the MTEF period.

The *International Liaison* subprogramme is projected to have a negative average annual growth over the medium term due to the implementation of efficiency measures in international travel, which include smaller delegations being sent to international events.

The number of personnel in this programme is expected to increase from 6 posts in 2013/14 to 9 funded posts in 2016/17. This accounts for the growth in expenditure on compensation of employees over the MTEF period as the department fills vacant posts that will provide the capacity required to support the implementation of the newly endorsed national sport and recreation plan. The department delayed filling these posts to ensure that the new organisational structure would be aligned with this plan.

## Programme 5: Infrastructure Support

### Objectives

- Improve levels of participation in sport and recreation by facilitating the provision of adequate and well maintained facilities by:
  - conducting an audit of existing sport facilities in 2014/15
  - compiling a national facilities plan to be completed in 2015/16
  - lobbying municipalities to maximise the use of the portion of the municipal infrastructure grant earmarked for building sport facilities each year
  - providing technical assistance to local authorities and other relevant stakeholders for constructing and managing sport facilities to ensure compliance with national standards each year.

### Subprogrammes

- *Programme Management: Infrastructure Support* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 1 in 2013/14.
- *Sport and Recreation Facility Management* provides technical assistance to local authorities and other relevant stakeholders for constructing and managing sport facilities to ensure compliance with national standards. The subprogramme also assists municipalities in ensuring that the FIFA World Cup 2010 stadia are well maintained and optimally used. In 2013/14, all 16 requests received for technical assistance from

local authorities and other relevant stakeholders for constructing and managing sport facilities were granted. This subprogramme had a staff complement of 2 in 2013/14.

- *Sport and Recreation Facility Planning* lobbies for, facilitates and coordinates the provision of sport and recreation facilities by municipalities and other relevant institutions. In 2013/14, the department worked closely with the Department of Cooperative Governance and Traditional Affairs, the South African Local Government Association and municipalities to lobby for the building of 72 facilities. Work also began on the national facilities audit, which will be completed by 2015/16 at an estimated cost of R6 million. This subprogramme had a staff complement of 2 in 2013/14.

## Expenditure estimates

**Table 20.13 Infrastructure Support**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11	2013/14	2014/15	2015/16	2016/17		
R million											
Programme Management: Infrastructure Support	0.2	0.1	1.0	1.9	111.3%	13.1%	2.0	2.1	2.2	4.7%	19.3%
Sport and Recreation Facility Management	4.8	1.4	0.1	4.6	-1.2%	44.2%	5.2	5.4	5.7	7.2%	49.5%
Sport and Recreation Facility Planning	2.2	2.5	3.2	2.8	7.9%	42.7%	3.2	3.5	3.7	10.4%	31.2%
<b>Total</b>	<b>7.2</b>	<b>4.0</b>	<b>4.3</b>	<b>9.3</b>	<b>8.9%</b>	<b>100.0%</b>	<b>10.4</b>	<b>11.0</b>	<b>11.6</b>	<b>7.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			0.8	0.9	0.9		
<b>Economic classification</b>											
<b>Current payments</b>	<b>3.8</b>	<b>4.0</b>	<b>4.3</b>	<b>9.3</b>	<b>34.7%</b>	<b>86.3%</b>	<b>10.4</b>	<b>11.0</b>	<b>11.6</b>	<b>7.7%</b>	<b>100.0%</b>
Compensation of employees	2.0	2.3	2.5	2.4	6.2%	37.3%	3.7	3.9	4.2	19.9%	33.6%
Goods and services	1.8	1.7	1.7	6.9	56.9%	49.0%	6.7	7.1	7.4	2.6%	66.4%
of which:											
Contractors	0.3	0.5	1.0	5.0	143.5%	27.8%	5.2	5.7	5.8	5.1%	51.4%
Travel and subsistence	1.0	1.1	0.3	1.5	14.3%	15.9%	1.1	1.0	1.1	-9.0%	11.3%
Venues and facilities	0.0	-	0.3	-	-100.0%	1.2%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>3.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>13.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Machinery and equipment	3.4	-	-	-	-100.0%	13.7%	-	-	-	-	-
<b>Total</b>	<b>7.2</b>	<b>4.0</b>	<b>4.3</b>	<b>9.3</b>	<b>8.9%</b>	<b>100.0%</b>	<b>10.4</b>	<b>11.0</b>	<b>11.6</b>	<b>7.7%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.6%	0.5%	0.4%	0.9%			1.1%	1.1%	1.1%		

## Personnel information

**Table 20.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Infrastructure Support	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment									Number							
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%) 2013/14 - 2016/17	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17								
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary level	9	2	4	2.5	0.6	5	1.8	0.4	9	3.7	0.4	9	3.9	0.4	9	4.2	0.5	21.6%	100.0%
1 - 6	1	-	1	0.1	0.1	2	0.2	0.1	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	-20.6%	15.6%
7 - 10	4	2	1	0.7	0.7	1	0.2	0.2	4	1.1	0.3	4	1.2	0.3	4	1.3	0.3	58.7%	40.6%
11 - 12	3	-	1	0.9	0.9	1	0.5	0.5	3	1.6	0.5	3	1.7	0.6	3	1.8	0.6	44.2%	31.3%
13 - 16	1	-	1	0.9	0.9	1	0.8	0.8	1	0.8	0.8	1	0.9	0.9	1	0.9	0.9	-	12.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing 18 outdoor gyms to rural areas that have no sport facilities; completing the national facilities audit; and compiling a national facilities plan. This planned expenditure is reflected in the *Sport and Recreation Facility Management* subprogramme, which constitutes 49.5 per cent of total programme expenditure over the medium term. The provision of outdoor gyms to rural areas also explains the expenditure on contractors across the seven-year period. Expenditure in this

subprogramme is expected to increase over the medium term, following the lower than expected spending in 2013/14, which was the result of unexpected delays in the delivery of the outdoor facilities and delays in conducting the facilities audit.

The number of personnel in this programme is expected to increase from 5 posts in 2013/14 to 9 posts in 2016/17. This accounts for the growth in compensation of employees over the medium term as the department fills vacant posts that will provide the capacity required to support the implementation of the newly endorsed national sport and recreation plan. The department delayed filling these posts to ensure that the new organisational structure would be aligned with this plan.

## **Public entities and agencies**

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- **Boxing South Africa** administers professional boxing, recognises amateur boxing, creates synergy between professional and amateur boxing, and promotes interaction between associations of boxers, managers, promoters and trainers. The organisation's total budget for 2014/15 is R10.2 million.
- **The South African Institute for Drug-Free Sport** promotes participation in sport without the use of prohibited performance enhancing substances and methods, and educates sportspeople on fair play and the harmful effects of doping. The institute's total budget for 2014/15 is R22.3 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Medium-term expenditure estimate				
				2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
<b>Infrastructure transfers to other spheres, agencies and departments</b>											
2010 FIFA World Cup stadiums development grant	Monitored the construction and upgrading of all the nine stadiums for compliance with FIFA standards. All stadiums completed before June 2010	Handed over	11 463.4	302.3	-	-	-	-	-	-	-
2010 FIFA World Cup host city operating grant	Assisted host cities with constructing fan parks and viewing areas, and developing stadiums precincts	Handed over	717.8	210.3	-	-	-	-	-	-	-
<b>Total</b>			<b>12 181.2</b>	<b>512.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Vote 21

## Correctional Services

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	3 622.9	3 435.5	17.0	170.4	3 837.1	4 103.4
Incarceration	12 299.0	11 404.2	64.1	830.7	12 924.8	13 708.7
Rehabilitation	1 165.8	1 121.3	0.1	44.4	1 237.0	1 333.5
Care	1 747.2	1 739.7	0.5	7.0	1 852.2	1 938.9
Social Reintegration	886.2	884.8	0.1	1.3	944.2	996.5
<b>Total expenditure estimates</b>	<b>19 721.1</b>	<b>18 585.5</b>	<b>81.8</b>	<b>1 053.8</b>	<b>20 795.3</b>	<b>22 080.9</b>

Executive authority: Minister of Correctional Services  
Accounting officer: National Commissioner of Correctional Services  
Website address: [www.dcs.gov.za](http://www.dcs.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Contribute to a just, peaceful and safer South Africa through effective and humane incarceration of inmates and the rehabilitation and social reintegration of offenders.*

### Mandate

The mandate of the Department of Correctional Services is derived from the Correctional Services Act (1998), as amended, the Criminal Procedure Act (1977) and the 2005 White Paper on Corrections. The legislation requires the department to contribute to maintaining and promoting a just, peaceful and safe society by correcting offending behaviour in a safe, secure and humane environment, thus facilitating optimal rehabilitation and reduced repeat offending.

### Strategic goals

The strategic goals of the department are to ensure that:

- the efficiency of the justice system is improved through the effective management of remand processes
- society is protected through incarcerated offenders being secured and rehabilitated
- society is protected by offenders being reintegrated into the community as law abiding citizens.

In this way, the department contributes to ensuring that all people in South Africa are and feel safe (outcome 3).

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide administrative support and strategic leadership to the department.

#### Programme 2: Incarceration

**Purpose:** Provide appropriate services and well maintained physical infrastructure that support safe and secure conditions of detention consistent with the human dignity of inmates, personnel and the public; and provide for the profiling of inmates and the compilation of needs based correctional sentence plans, administration and interventions.

### Programme 3: Rehabilitation

**Purpose:** Provide offenders with needs based programmes and interventions to facilitate their rehabilitation and enable their social reintegration.

### Programme 4: Care

**Purpose:** Provide needs based care services aimed at maintaining the personal wellbeing of all inmates in the department's custody.

### Programme 5: Social Reintegration

**Purpose:** Provide services focused on offenders' preparation for release, the effective supervision of offenders placed under the system of community corrections and the facilitation of their social reintegration into communities.

## Selected performance indicators

**Table 21.1 Correctional Services**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage of inmates who escape from correctional centres and remand detention facilities per year	Incarceration	Outcome 3: All people in South Africa are and feel safe	0.065% (106/161 021)	0.026% (41/160 103)	0.028% (43/151 517) <sup>1</sup>	0.032% (50/155 836)	0.026% (40/154 278)	0.025% (38/152 735)	0.024% (36/151 208)
Percentage of inmates allegedly assaulted in correctional centres and remand detention facilities per year	Incarceration		3.1% (5 043/161 021)	3.3% (5 284/160 103)	4.5% (6 884/151 517) <sup>2</sup>	2.0% (3 117/155 836) <sup>3</sup>	4.1% (6 325/154 278)	3.9% (5 956/152 735)	3.7% (5 594/151 208)
Percentage of overcrowding in correctional centres and remand detention facilities per year in excess of official capacity	Incarceration		34.9% (41 240/118 165)	35.6% (42 481/118 154)	28.7% (33 953/118 500)	30% (36 015/120 049)	29% (35 114/119 164)	28% (33 628/120 099)	27% (33 277/123 248)
Percentage of offenders who participate in educational programmes measured against the enrolment register for the academic year	Rehabilitation		— <sup>4</sup>	— <sup>4</sup>	— <sup>4</sup>	— <sup>4</sup>	80% (10 505/13 131)	80% (11 554/14 443)	80% (12 708/15 886)
Percentage of offenders who participate in skills development programmes measured against the list of offenders registered for participation (enrolment register)	Rehabilitation		— <sup>4</sup>	— <sup>4</sup>	— <sup>4</sup>	— <sup>4</sup>	80% (6 863/8 581)	80% (7 551/9 438)	80% (8 306/10 381)
Percentage of inmates on antiretroviral therapy (cumulative)	Care		98.9% (8 091/8 178)	69% (6 095/8 819) <sup>5</sup>	96% (11 814/12 321)	94% (16 577/17 636)	95% (19 158/20 166)	96% (21 788/22 696)	97% (24 469/25 226)
Percentage of parolees without violations per year	Social Reintegration		74.9% (28 169/37 609)	76.1% (35 819/47 095)	84.9% (39 269/46 259)	79.6% (38 768/48 703)	80.9% (44 247/54 694)	81.9% (48 781/59 562)	82.9% (53 771/64 863)

1. The denominator decreased due to special remission where a number of inmates were released.

2. The increase in 2012/13 can be attributed to the department identifying the problem of under reporting and intensifying awareness and training sessions to address the matter.

3. The decrease in 2013/14 was based on under reported statistics due to misunderstanding of the indicator. Subsequent awareness and training sessions on technical indicator descriptions have resulted in improved reporting. This has necessitated the review of the baseline, as well as the indicator in 2013/14.

4. The measurement of this new indicator will begin in 2014/15.

5. In 2011/12, only the special category of CD4 counts below 350 were reported on, which included pregnant women, children under the age of five and tuberculosis/HIV co-infected individuals. This resulted in a smaller antiretroviral therapy population being reported on. In the following years, the criteria changed to include all persons eligible for antiretroviral therapy with a CD4 count below 350.

## The national development plan

One of the elements of Vision 2030, as stated in the national development plan, is that people living in South Africa should feel safe at home, school, work, and must enjoy an active community life free of fear. The plan outlines an integrated and interdepartmental approach to building safety, including enhancing the rehabilitation of offenders and thus improving their reintegration into society and reducing recidivism. To help achieve this vision, the department is committed to enhancing public safety by effectively managing remand detention,

reducing the rate of reoffending through apposite offender management and rehabilitation interventions, and facilitating the social reintegration of offenders through the effective management of non-custodial sentences and parole.

## Expenditure estimates

Table 21.2 Correctional Services

Programme	Audited outcome				Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14					2014/15	2015/16	2016/17		
R million													
Administration	2 817.2	3 547.5	3 139.6	3 724.7	3 674.7	9.3%	19.7%	3 622.9	3 837.1	4 103.4	3.7%	18.7%	
Incarceration	9 120.7	9 782.8	10 994.8	11 527.1	11 527.1	8.1%	61.8%	12 299.0	12 924.8	13 708.7	5.9%	62.0%	
Rehabilitation	752.7	808.2	841.6	1 077.3	1 077.3	12.7%	5.2%	1 165.8	1 237.0	1 333.5	7.4%	5.9%	
Care	1 416.9	1 483.0	1 668.9	1 617.0	1 667.0	5.6%	9.3%	1 747.2	1 852.2	1 938.9	5.2%	8.9%	
Social Reintegration	591.3	655.4	668.6	802.4	802.4	10.7%	4.1%	886.2	944.2	996.5	7.5%	4.5%	
<b>Total</b>	<b>14 698.8</b>	<b>16 276.8</b>	<b>17 313.6</b>	<b>18 748.5</b>	<b>18 748.5</b>	<b>8.4%</b>	<b>100.0%</b>	<b>19 721.1</b>	<b>20 795.3</b>	<b>22 080.9</b>	<b>5.6%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				0.4	0.4			-	-	-			
<b>Economic classification</b>													
<b>Current payments</b>	<b>13 518.4</b>	<b>15 376.4</b>	<b>16 279.5</b>	<b>17 553.6</b>	<b>17 553.6</b>	<b>9.1%</b>	<b>93.6%</b>	<b>18 585.5</b>	<b>19 661.1</b>	<b>20 895.2</b>	<b>6.0%</b>	<b>94.3%</b>	
Compensation of employees	9 506.7	10 851.8	11 337.8	12 357.1	12 357.1	9.1%	65.7%	13 315.6	14 113.3	15 044.8	6.8%	67.4%	
Goods and services	4 011.8	4 524.6	4 941.7	5 196.4	5 196.4	9.0%	27.9%	5 269.9	5 547.8	5 850.4	4.0%	26.9%	
of which:													
Agency and support / outsourced services	409.1	433.5	587.1	469.6	469.6	4.7%	2.8%	459.2	482.3	501.1	2.2%	2.4%	
Inventory: Food and food supplies	321.8	332.2	344.6	202.5	202.5	-14.3%	1.8%	345.8	367.5	382.3	23.6%	1.6%	
Operating leases	1 319.9	1 432.8	1 607.6	1 733.7	1 733.7	9.5%	9.1%	1 782.8	1 897.9	1 985.5	4.6%	9.1%	
Property payments	807.3	730.7	745.5	756.3	756.3	-2.1%	4.5%	789.2	827.7	866.7	4.6%	4.0%	
<b>Transfers and subsidies</b>	<b>64.5</b>	<b>72.5</b>	<b>79.1</b>	<b>78.0</b>	<b>78.0</b>	<b>6.5%</b>	<b>0.4%</b>	<b>81.8</b>	<b>86.0</b>	<b>90.4</b>	<b>5.1%</b>	<b>0.4%</b>	
Provinces and municipalities	2.5	4.3	4.2	5.8	5.8	32.8%	0.0%	6.4	6.7	7.1	6.8%	0.0%	
Departmental agencies and accounts	10.1	6.2	6.8	8.4	8.4	-6.1%	0.0%	8.9	9.4	9.9	5.6%	0.0%	
Households	51.9	61.9	68.1	63.8	63.8	7.1%	0.4%	66.5	69.9	73.5	4.8%	0.3%	
<b>Payments for capital assets</b>	<b>1 110.6</b>	<b>824.3</b>	<b>950.0</b>	<b>1 116.9</b>	<b>1 116.9</b>	<b>0.2%</b>	<b>6.0%</b>	<b>1 053.8</b>	<b>1 048.1</b>	<b>1 095.3</b>	<b>-0.7%</b>	<b>5.3%</b>	
Buildings and other fixed structures	699.6	753.6	872.6	798.9	798.9	4.5%	4.7%	800.7	801.1	829.1	1.2%	4.0%	
Machinery and equipment	401.7	69.5	75.6	286.8	286.8	-10.6%	1.2%	251.4	245.3	264.2	-2.7%	1.3%	
Biological assets	1.1	1.2	1.9	1.2	1.2	3.6%	0.0%	1.6	1.7	1.9	16.9%	0.0%	
Software and other intangible assets	8.2	-	-	30.0	30.0	54.0%	0.1%	-	-	-	-100.0%	0.0%	
<b>Payments for financial assets</b>	<b>5.3</b>	<b>3.6</b>	<b>4.9</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>14 698.8</b>	<b>16 276.8</b>	<b>17 313.6</b>	<b>18 748.5</b>	<b>18 748.5</b>	<b>8.4%</b>	<b>100.0%</b>	<b>19 721.1</b>	<b>20 795.3</b>	<b>22 080.9</b>	<b>5.6%</b>	<b>100.0%</b>	

## Personnel information

Table 21.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014			Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit	2013/14		Unit	2014/15		Unit	2015/16		Unit			2016/17		Unit
			Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	2013/14 - 2016/17	
Correctional Services			40 165	11 337.8	0.3	41 082	12 357.1	0.3	42 006	13 315.6	0.3	42 006	14 113.3	0.3	42 006	15 044.8	0.4	0.7%	100.0%
Salary level	42 006	2 011																	
1 - 6	22 803	1 987	22 706	4 877.4	0.2	22 583	5 245.6	0.2	22 803	5 602.3	0.2	22 803	5 919.0	0.3	22 803	6 309.1	0.3	0.3%	54.5%
7 - 10	18 066	7	16 594	5 667.2	0.3	17 519	6 193.1	0.4	18 066	6 718.7	0.4	18 066	7 131.8	0.4	18 066	7 601.0	0.4	1.0%	42.9%
11 - 12	922	8	697	568.5	0.8	766	661.3	0.9	922	712.2	0.8	922	761.2	0.8	922	812.1	0.9	6.4%	2.1%
13 - 16	215	9	168	224.6	1.3	214	257.2	1.2	215	282.3	1.3	215	301.3	1.4	215	322.6	1.5	0.2%	0.5%

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

2. Rand million.

## Expenditure trends

The bulk of the department's spending goes towards the *Administration* and *Incarceration* programmes for expenditure on compensation of employees and related goods and services items, mainly due to the labour

intensive nature of these programmes. The department's funded establishment of 42 006 posts, with 2 011 posts filled additional to the establishment, is thus important to achieving the relevant performance targets.

Using funds allocated to the *Incarceration*, *Rehabilitation* and *Social Reintegration* programmes, the department plans to reduce the percentage of escapes from a projected 0.032 per cent in 2013/14 to 0.024 per cent in 2016/17; ensure that 80 per cent of offenders registered for participation in education and skills development programmes complete such programmes between 2014/15 and 2016/17; and ensure that the percentage of parolees without violations per year increased from a projected 79.6 per cent in 2013/14 to 82.9 per cent in 2016/17. To support the department in meeting these targets, Cabinet approved the reprioritisation of R72.6 million in 2014/15, R72.8 million in 2015/16 and R77.9 million in 2016/17 from non-essential goods and services items (such as catering, entertainment, consultants, and venues and facilities) to purchase security equipment, replace dilapidated workshop and agriculture machinery and equipment, roll out electronic monitoring, and implement victim-offender dialogues in correctional centres and society.

In order to provide well maintained physical infrastructure that supports safe and secure conditions of detention that are consistent with the human dignity of inmates, R207.2 million in 2014/15, R216.7 million in 2015/16 and R228.2 million in 2016/17 is set aside for the repair and maintenance of correctional and other facilities, while R605.8 million in 2014/15, R603.2 million in 2015/16 and R635.2 million in 2016/17 has been reserved for the upgrading of correctional and other facilities.

There were 2 266 vacancies at the end of December 2013. These vacancies were due to natural attrition and the length of time it takes to finalise recruitment processes. Vacancy levels are expected to drop in 2014/15 due to the decentralisation of post advertisements to regions in 2013/14 as part of the effort to expedite the filling of vacant posts. Spending on consultant services over the entire seven-year period caters mainly for activities for which department personnel do not have the specialist skills, such as the upgrading of IT infrastructure and the maintenance of information systems. Over the same period, provision is also made for the payment of legal services, external and internal audits, and laboratory fees.

The strong growth in spending in the *Rehabilitation* and *Social Reintegration* programmes between 2010/11 and 2013/14 was due to the increased provision of equipment for production workshop and agricultural activities to facilitate the transfer of technical skills to empower offenders upon release from custody, and the pilot project on electronic monitoring to improve the effectiveness of the community corrections system. The replacement of the department's vehicle fleet explains the once-off increase in expenditure on machinery and equipment in 2010/11.

### Infrastructure spending

Spending on infrastructure decreased from R950.9 million in 2010/11 to R803.1 million in 2013/14, and is expected to increase to R863.4 million in 2016/17. The decrease in spending on infrastructure between 2010/11 and 2013/14 was due to spending reductions on buildings and other fixed structures as a result of consistent underspending on capital works projects.

#### *Large projects*

The department has allocated R286.5 million in 2014/15, R255 million in 2015/16 and R460 million in 2016/17 for large infrastructure projects. Over the medium term, 16 correctional facilities will be upgraded and 4 748 additional bed spaces will be created as follows: 634 bed spaces at Ceres, Vanrhynsdorp and Matatiele in 2013/14; 480 bed spaces at Tzaneen, Pretoria C-Max and Maphumulo in 2014/15; 485 bed spaces at Estcourt and Parys in 2015/16; and 3 149 bed spaces at Zeerust, Ingwavuma, Standerton, Nongoma, Nkandla, Lichtenburg, Burgersdorp and Potchefstroom in 2016/17. These additional bed spaces will increase overall bed capacity from 118 500 in 2012/13 to 123 248 in 2016/17.

#### *Small projects*

The department has allocated R526.5 million in 2014/15, R564.9 million in 2015/16 and R403.4 million in 2016/17 for several small projects to be implemented over the medium term. These include: the construction of new parole board offices and additional school facilities; the installation of integrated IT systems, security systems, access gates and visitors' waiting rooms; the installation of standby generators; and the replacement of kitchen equipment, boilers, incinerators, and power, water and sewerage facilities. The decrease in spending on

these projects in 2016/17 is due to the department prioritising more funds towards large infrastructure projects in order to finalise important upgrading projects in these years.

## Departmental receipts

Table 21.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	<b>115 418</b>	<b>146 882</b>	<b>127 015</b>	<b>131 087</b>	<b>131 087</b>	<b>4.3%</b>	<b>100.0%</b>	<b>135 738</b>	<b>149 990</b>	<b>158 090</b>	<b>6.4%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>41 095</b>	<b>44 252</b>	<b>46 541</b>	<b>61 276</b>	<b>47 290</b>	<b>4.8%</b>	<b>34.4%</b>	<b>49 939</b>	<b>55 182</b>	<b>58 162</b>	<b>7.1%</b>	<b>36.6%</b>
Sales by market establishments	24 981	26 431	28 541	41 886	27 900	3.8%	20.7%	29 325	32 404	34 154	7.0%	21.5%
of which:												
Rental: Dwellings	24 014	25 467	28 191	27 500	27 500	4.6%	20.2%	28 875	31 907	33 630	6.9%	21.2%
Rental: Non residential	672	761	350	–	400	-15.9%	0.4%	450	497	524	9.4%	0.3%
Sale of wool/skin	295	203	–	48	–	-100.0%	0.1%	–	–	–	–	–
Other	–	–	–	14 338	–	–	–	–	–	–	–	–
Other sales	16 114	17 821	18 000	19 390	19 390	6.4%	13.7%	20 614	22 778	24 008	7.4%	15.1%
of which:												
Services rendered: Commission	9 545	10 659	13 800	14 490	14 490	14.9%	9.3%	15 214	16 811	17 719	6.9%	11.2%
Government motor transport	240	302	4 200	4 900	4 900	173.3%	1.9%	5 400	5 967	6 289	8.7%	3.9%
Sales: Agricultural products	1 616	1 774	–	–	–	-100.0%	0.7%	–	–	–	–	–
Services rendered: Boarding services	101	147	–	–	–	-100.0%	–	–	–	–	–	–
Other	4 612	4 939	–	–	–	-100.0%	1.8%	–	–	–	–	–
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>2 090</b>	<b>3 292</b>	<b>2 042</b>	<b>2 404</b>	<b>2 148</b>	<b>0.9%</b>	<b>1.8%</b>	<b>2 249</b>	<b>2 485</b>	<b>2 619</b>	<b>6.8%</b>	<b>1.7%</b>
of which:												
Condemned linen	13	8	–	24	–	-100.0%	–	–	–	–	–	–
Kitchen refuse	117	128	–	214	–	-100.0%	–	–	–	–	–	–
Scrap	1 930	3 127	2 042	2 148	2 148	3.6%	1.8%	2 249	2 485	2 619	6.8%	1.7%
Waste paper	30	29	–	18	–	-100.0%	–	–	–	–	–	–
Transfers received	–	3	213	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	16 071	18 129	17 118	15 300	21 110	9.5%	13.9%	22 165	24 492	25 815	6.9%	16.3%
Interest, dividends and rent on land	1 224	654	538	150	517	-25.0%	0.6%	543	600	632	6.9%	0.4%
Interest	1 224	654	538	150	517	-25.0%	0.6%	543	600	632	6.9%	0.4%
Sales of capital assets	768	23 187	14 773	1 957	1 500	25.0%	7.7%	1 500	1 658	1 748	5.2%	1.1%
Transactions in financial assets and liabilities	54 170	57 365	45 790	50 000	58 522	2.6%	41.5%	59 342	65 573	69 114	5.7%	43.9%
<b>Total</b>	<b>115 418</b>	<b>146 882</b>	<b>127 015</b>	<b>131 087</b>	<b>131 087</b>	<b>4.3%</b>	<b>100.0%</b>	<b>135 738</b>	<b>149 990</b>	<b>158 090</b>	<b>6.4%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 21.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
Ministry	24.4	35.2	38.5	34.3	12.0%	1.0%	30.9	32.6	34.6	0.3%	0.9%	
Management	653.7	815.7	768.0	1 108.8	19.3%	25.3%	1 024.9	1 076.6	1 158.6	1.5%	28.6%	
Corporate Services	960.9	1 639.1	1 246.0	1 372.0	12.6%	39.4%	1 476.6	1 567.7	1 707.4	7.6%	40.1%	
Finance	1 016.4	876.5	928.6	1 014.6	-0.1%	29.0%	939.6	1 009.1	1 041.1	0.9%	26.2%	
Internal Audit	40.5	53.2	50.1	68.9	19.4%	1.6%	95.1	90.9	98.2	12.5%	2.3%	
Office Accommodation	101.7	106.1	108.0	124.1	6.9%	3.3%	55.8	60.2	63.5	-20.0%	2.0%	
Residential Accommodation	19.7	21.8	0.4	2.0	-53.4%	0.3%	–	–	–	-100.0%	–	
<b>Total</b>	<b>2 817.2</b>	<b>3 547.5</b>	<b>3 139.6</b>	<b>3 724.7</b>	<b>9.8%</b>	<b>100.0%</b>	<b>3 622.9</b>	<b>3 837.1</b>	<b>4 103.4</b>	<b>3.3%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				(1 526.0)			(1 851.2)	(2 014.4)	4 103.4			

Table 21.5 Administration

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million	2 414.5	3 478.3	3 071.5	3 463.3	12.8%	93.9%	3 435.5	3 647.6	3 898.4	4.0%	94.5%
<b>Current payments</b>											
Compensation of employees	1 698.7	2 444.1	2 086.0	2 370.4	11.7%	65.0%	2 613.2	2 797.4	2 997.5	8.1%	70.5%
Goods and services	715.8	1 034.2	985.4	1 092.9	15.1%	28.9%	822.3	850.3	900.9	-6.2%	24.0%
of which:											
Agency and support / outsourced services	12.9	23.5	22.0	18.4	12.7%	0.6%	9.4	9.9	10.4	-17.3%	0.3%
Inventory: Food and food supplies	0.0	13.8	15.6	71.0	2179.2%	0.8%	37.9	43.3	40.1	-17.3%	1.3%
Operating leases	52.7	62.2	71.9	123.1	32.7%	2.3%	53.0	53.1	60.9	-20.9%	1.9%
Property payments	81.0	81.3	55.1	22.2	-35.0%	1.8%	22.5	27.8	24.5	3.4%	0.6%
<b>Transfers and subsidies</b>	<b>19.6</b>	<b>22.3</b>	<b>19.3</b>	<b>15.8</b>	<b>-6.8%</b>	<b>0.6%</b>	<b>17.0</b>	<b>18.0</b>	<b>18.8</b>	<b>6.0%</b>	<b>0.5%</b>
Provinces and municipalities	2.5	4.3	4.2	5.8	32.8%	0.1%	6.4	6.7	7.1	6.8%	0.2%
Departmental agencies and accounts	10.1	6.1	6.8	8.4	-6.1%	0.2%	8.9	9.4	9.9	5.6%	0.2%
Households	7.0	11.9	8.3	1.6	-38.5%	0.2%	1.7	1.9	1.9	5.1%	-
<b>Payments for capital assets</b>	<b>380.3</b>	<b>43.4</b>	<b>45.1</b>	<b>245.6</b>	<b>-13.6%</b>	<b>5.4%</b>	<b>170.4</b>	<b>171.4</b>	<b>186.2</b>	<b>-8.8%</b>	<b>5.1%</b>
Machinery and equipment	371.5	43.2	45.0	215.6	-16.6%	5.1%	170.4	171.4	186.2	-4.8%	4.9%
Biological assets	0.6	0.1	0.1	-	-100.0%	-	-	-	-	-	-
Software and other intangible assets	8.2	-	-	30.0	54.0%	0.3%	-	-	-	-100.0%	0.2%
<b>Payments for financial assets</b>	<b>2.8</b>	<b>3.4</b>	<b>3.8</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2 817.2</b>	<b>3 547.5</b>	<b>3 139.6</b>	<b>3 724.7</b>	<b>9.8%</b>	<b>100.0%</b>	<b>3 622.9</b>	<b>3 837.1</b>	<b>4 103.4</b>	<b>3.3%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>19.2%</b>	<b>21.8%</b>	<b>18.1%</b>	<b>19.9%</b>			<b>18.4%</b>	<b>18.5%</b>	<b>18.6%</b>		

## Details of selected transfers and subsidies

Provinces and municipalities											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	<b>2.5</b>	<b>4.3</b>	<b>4.2</b>	<b>5.8</b>	<b>32.8%</b>	<b>0.1%</b>	<b>6.4</b>	<b>6.7</b>	<b>7.1</b>	<b>6.8%</b>	<b>0.1%</b>
Vehicle licences	2.5	4.3	4.2	5.8	32.8%	0.1%	6.4	6.7	7.1	6.8%	0.1%
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>7.0</b>	<b>11.9</b>	<b>8.3</b>	<b>1.6</b>	<b>-38.5%</b>	<b>0.2%</b>	<b>1.7</b>	<b>1.9</b>	<b>1.9</b>	<b>5.1%</b>	<b>-</b>
Employee social benefits	7.0	11.9	8.3	1.6	-38.5%	0.2%	1.7	1.9	1.9	5.1%	-
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>10.1</b>	<b>6.1</b>	<b>6.8</b>	<b>8.4</b>	<b>-6.1%</b>	<b>0.2%</b>	<b>8.9</b>	<b>9.4</b>	<b>9.9</b>	<b>5.6%</b>	<b>0.2%</b>
Safety and Security Sector Education and Training Authority	10.1	6.1	6.8	8.4	-6.1%	0.2%	8.9	9.4	9.9	5.6%	0.2%

## Personnel information

Table 21.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
			Actual 2012/13			Revised estimate 2013/14			Medium-term expenditure estimate						2013/14 - 2016/17	Average growth rate (%)			
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	2014/15		2015/16		2016/17						
6 546	999		5 390	2 086.0	0.4	6 162	2 370.4	0.4	6 546	2 613.2	0.4	6 546	2 797.4	0.4	6 546	2 997.5	0.5	2.0%	100.0%
1 - 6	2 159	980	1 841	445.4	0.2	2 066	506.0	0.2	2 159	559.9	0.3	2 159	597.3	0.3	2 159	640.0	0.3	1.5%	33.1%
7 - 10	3 779	6	3 075	1 141.0	0.4	3 566	1 296.3	0.4	3 779	1 425.2	0.4	3 779	1 530.1	0.4	3 779	1 639.6	0.4	2.0%	57.8%
11 - 12	420	4	328	298.2	0.9	342	338.8	1.0	420	374.8	0.9	420	399.9	1.0	420	428.5	1.0	7.1%	6.2%
13 - 16	188	9	146	201.4	1.4	188	229.3	1.2	188	253.2	1.3	188	270.1	1.4	188	289.5	1.5	-	2.9%

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

<sup>2</sup>Rand million.

## Expenditure trends

The bulk of spending in this programme over the medium term goes towards compensation of employees and goods and services, to professionalise the department and build capacity in its largest subprogrammes, *Corporate Services* and *Management*. The significant amount spent on staff and staff related costs is due to the labour intensive nature of these subprogrammes. Expenditure on compensation of employees over the medium term is expected to increase due to additional allocations for improved conditions of service. Expenditure on

goods and services, specifically computer services, operating leases and food and food supplies, is expected to decrease due to the functions relating to the payment of accommodation charges for correctional centres and community corrections offices, provision of nutritional services to inmates, and electronic monitoring being decentralised to the *Incarceration, Care and Social Reintegration* programmes from 2014/15 onwards.

The programme had a funded establishment of 6 546 posts, and 999 posts are filled additional to the establishment. The 779 vacancies at the end of December 2013 can be attributed to natural attrition and the length of time it takes to finalise recruitment processes. Vacancy levels are expected to drop in 2014/15 due to the decentralisation of post advertisements to regions in 2013/14, as part of efforts to expedite the filling of vacant posts. Personnel numbers are expected to remain at 6 546 over the medium term.

Spending grew significantly in the *Management* subprogramme, specifically in 2011/12 and 2013/14, as the department upgraded its ICT infrastructure and implemented a departmental master information systems plan, which covers systems development, the upgrade of network and backup systems, and integrating information with other departments in the criminal justice system. The decrease in spending in the *Office Accommodation* subprogramme in 2014/15 is due to the budget for accommodation charges pertaining to correctional centres and community corrections offices being decentralised to the *Incarceration* and *Social Reintegration* programmes.

The increase in spending in the *Internal Audit* subprogramme across the seven-year period is to provide additional capacity and resources for the internal audit unit, while the decrease in expenditure in the *Residential Accommodation* subprogramme is due to the expiry and cancellation of residential contracts from 2012/13 onwards. The replacement of the department's vehicle fleet explains the once-off increase in expenditure on machinery and equipment in 2010/11, while the increases in spending on fleet services in 2013/14 is due to a reclassification of budget items implemented on 1 April 2013.

## Programme 2: Incarceration

### Objectives

- Enhance safety and security in correctional centres and remand detention facilities by:
  - reducing the percentage of escapes from 0.028 per cent in 2012/13 to 0.024 per cent in 2016/17
  - reducing the percentage of inmate assaults from 4.5 per cent in 2012/13 to 3.7 per cent in 2016/17
  - reducing the percentage of unnatural deaths from 0.038 per cent in 2012/13 to 0.033 per cent in 2016/17.
- Provide facilities that will contribute to humane incarceration by:
  - reducing the level of overcrowding from 28.7 per cent in 2012/13 to 27 per cent in 2016/17
  - upgrading at least 16 facilities and creating 4 748 new bed spaces by 2016/17
  - increasing the total bed spaces available in the department from 118 500 in 2012/13 to 123 248 in 2016/17.

### Subprogrammes

- *Security Operations* funds activities aimed at providing safe and secure conditions for all incarcerated persons, consistent with human dignity, and provides protection for personnel and the public. Key activities include security operations and the maintaining, upgrading and acquisition of security technology systems and equipment. There are 243 correctional facilities across the country, with a daily average inmate population of 155 836. In 2012/13, the number of escapes, unnatural deaths and inmate assaults stood at 43, 57 and 6 884. At the end of September 2013, the number of escapes, unnatural deaths and inmate assaults stood at 27, 34 and 3 307, against 2013/14 targets of 50, 42 and 3 117. The subprogramme had a staff complement of 22 849 in 2012/13, and an estimated staff complement of 22 100 in 2013/14.
- *Facilities* funds the construction, upgrading and rental of facilities accommodation as well as payments for municipal charges and payments for the replacement and maintenance of facilities, to support the safe and humane incarceration of inmates. In 2012/13, the stages of completion for the upgrading of three facilities were: Ceres (82 per cent), Vanrhynsdorp (96 per cent) and Tzaneen (89 per cent). By the end of September 2013, progress to completion was: Ceres (82 per cent), Vanrhynsdorp (99 per cent) and Tzaneen

(94 per cent). These facilities are set to open in 2013/14. The subprogramme had a staff complement of 578 in 2012/13, and an estimated staff complement of 553 in 2013/14.

- *Remand Detention* funds the development of a remand detention system and aims to improve the management of remand detainees. Activities include: incarcerating and safeguarding remand detainees in remand detention facilities; ensuring court appearances of remand detainees; developing remand detention policies; and liaising with departments in the justice, crime prevention and security cluster on case flow management. There are 26 dedicated remand detention facilities across the country. The daily average in these and other facilities at the end of September 2013 was 44 652. In 2012/13, the percentage of remand detainees with bail placed under the non-custodial system against remand detainees with bail stood at 5.8 per cent (613/10 551). By the end of September 2013, the percentage of remand detainees with bail placed under the non-custodial system against remand detainees with bail stood at 15 per cent (7 086/47 190), against a 2013/14 target of 11 per cent. The subprogramme had a staff complement of 64 in 2012/13, and an estimated staff complement of 471 in 2013/14.
- *Offender Management* is discussed in more detail below.

## Expenditure estimates

**Table 21.7 Incarceration**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Security Operations	4 389.7	4 742.6	5 746.2	5 677.2	9.0%	49.6%	6 230.8	6 550.5	6 961.3	7.0%	50.4%
Facilities	2 795.3	2 940.0	3 380.1	3 510.5	7.9%	30.5%	3 676.2	3 843.7	4 038.5	4.8%	29.9%
Remand Detention	597.3	600.0	247.6	708.2	5.8%	5.2%	741.1	781.7	853.4	6.4%	6.1%
Offender Management	1 338.4	1 500.2	1 620.9	1 631.2	6.8%	14.7%	1 650.9	1 749.0	1 855.4	4.4%	13.6%
<b>Total</b>	<b>9 120.7</b>	<b>9 782.8</b>	<b>10 994.8</b>	<b>11 527.1</b>	<b>8.1%</b>	<b>100.0%</b>	<b>12 299.0</b>	<b>12 924.8</b>	<b>13 708.7</b>	<b>5.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				1 505.5			1 731.3	1 873.1	13 708.7		

### Economic classification

<b>Current payments</b>	<b>8 374.7</b>	<b>8 982.8</b>	<b>10 063.3</b>	<b>10 648.0</b>	<b>8.3%</b>	<b>91.9%</b>	<b>11 404.2</b>	<b>12 026.9</b>	<b>12 777.2</b>	<b>6.3%</b>	<b>92.9%</b>
Compensation of employees	6 230.0	6 709.6	7 526.7	7 880.5	8.1%	68.4%	8 465.6	8 919.5	9 506.7	6.5%	68.9%
Goods and services	2 144.8	2 273.3	2 536.6	2 767.5	8.9%	23.5%	2 938.6	3 107.4	3 270.5	5.7%	23.9%
of which:											
Agency and support / outsourced services	0.7	1.2	1.9	1.7	38.1%	-	1.3	1.5	1.6	-3.3%	-
Inventory: Food and food supplies	0.2	2.2	0.6	1.7	93.4%	-	0.8	0.8	0.9	-19.6%	-
Operating leases	1 243.5	1 345.4	1 513.0	1 585.2	8.4%	13.7%	1 684.5	1 796.8	1 874.0	5.7%	13.8%
Property payments	725.9	648.8	689.2	719.4	-0.3%	6.7%	765.1	798.2	840.5	5.3%	6.2%
<b>Transfers and subsidies</b>	<b>42.0</b>	<b>43.1</b>	<b>51.4</b>	<b>61.4</b>	<b>13.5%</b>	<b>0.5%</b>	<b>64.1</b>	<b>67.2</b>	<b>71.0</b>	<b>4.9%</b>	<b>0.5%</b>
Households	42.0	43.1	51.4	61.4	13.5%	0.5%	64.1	67.2	71.0	4.9%	0.5%
<b>Payments for capital assets</b>	<b>701.8</b>	<b>756.8</b>	<b>879.2</b>	<b>817.7</b>	<b>5.2%</b>	<b>7.6%</b>	<b>830.7</b>	<b>830.8</b>	<b>860.5</b>	<b>1.7%</b>	<b>6.6%</b>
Buildings and other fixed structures	699.6	753.6	872.6	798.8	4.5%	7.5%	800.6	801.0	829.0	1.2%	6.4%
Machinery and equipment	2.2	2.8	5.8	17.9	99.8%	0.1%	28.9	28.5	30.1	19.0%	0.2%
Biological assets	0.0	0.4	0.8	1.0	256.9%	-	1.2	1.3	1.4	11.9%	-
<b>Payments for financial assets</b>	<b>2.1</b>	<b>0.1</b>	<b>0.9</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>9 120.7</b>	<b>9 782.8</b>	<b>10 994.8</b>	<b>11 527.1</b>	<b>8.1%</b>	<b>100.0%</b>	<b>12 299.0</b>	<b>12 924.8</b>	<b>13 708.7</b>	<b>5.9%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>62.1%</b>	<b>60.1%</b>	<b>63.5%</b>	<b>61.5%</b>			<b>62.4%</b>	<b>62.2%</b>	<b>62.1%</b>		

### Details of selected transfers and subsidies

<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>21.7</b>	<b>23.4</b>	<b>32.9</b>	<b>44.8</b>	<b>27.2%</b>	<b>0.3%</b>	<b>47.0</b>	<b>49.4</b>	<b>52.2</b>	<b>5.3%</b>	<b>0.4%</b>
Employee social benefits	21.7	23.4	32.9	44.8	27.2%	0.3%	47.0	49.4	52.2	5.3%	0.4%
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	<b>20.3</b>	<b>19.7</b>	<b>18.5</b>	<b>16.6</b>	<b>-6.4%</b>	<b>0.2%</b>	<b>17.1</b>	<b>17.8</b>	<b>18.8</b>	<b>4.1%</b>	<b>0.1%</b>
Prisoner gratuity	20.3	19.7	18.5	16.6	-6.4%	0.2%	17.1	17.8	18.8	4.1%	0.1%

## Personnel information

**Table 21.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost
<b>Incarceration</b>																			
Salary level	29 233	1 008	29 370	7 526.7	0.3	28 914	7 880.5	0.3	29 233	8 465.6	0.3	29 233	8 919.5	0.3	29 233	9 506.7	0.3	0.4%	100.0%
1 – 6	18 946	1 007	19 371	4 101.4	0.2	18 828	4 330.6	0.2	18 946	4 613.0	0.2	18 946	4 860.3	0.3	18 946	5 180.3	0.3	0.2%	64.9%
7 – 10	10 128	1	9 871	3 316.0	0.3	9 982	3 434.5	0.3	10 128	3 729.6	0.4	10 128	3 929.6	0.4	10 128	4 188.3	0.4	0.5%	34.6%
11 – 12	145	–	120	100.3	0.8	90	105.9	1.2	145	112.8	0.8	145	118.9	0.8	145	126.7	0.9	17.2%	0.5%
13 – 16	14	–	8	9.0	1.1	14	9.5	0.7	14	10.2	0.7	14	10.7	0.8	14	11.4	0.8	–	0.0%

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

<sup>2</sup> Rand million.

## Expenditure trends

The bulk of spending in this programme goes towards compensation of employees and related goods and services items, mainly due to the labour intensive nature of the *Security Operations* and *Offender Management* subprogrammes. Using funds allocated to these subprogrammes between 2010/11 and 2012/13, the department managed to reduce the number of escapes from 106 to 43 and overcrowding from 34.9 per cent to 28.5 per cent.

Over the medium term, the spending focus will be on providing secure facilities that contribute to humane incarceration by reducing overcrowding, the number of escapes, assaults and unnatural deaths, and the period that remand detainees spend in correctional facilities. An increased provision is made for security equipment in 2014/15, while growth in expenditure in the *Facilities* subprogramme between 2013/14 and 2016/17 provides for bed spaces to increase from 118 500 in 2012/13 to 123 248 in 2016/17. At least 16 facilities will be upgraded to increase total bed capacity by 4 748 new bed spaces, resulting in the level of overcrowding decreasing to 27 per cent in 2016/17.

The programme had a funded establishment of 29 233 posts, and 1 008 posts are filled additional to the establishment. The 946 vacancies at the end of December 2013 can be attributed to natural attrition and the length of time it takes to finalise recruitment processes. Vacancy levels are expected to drop in 2014/15 due to the decentralisation of post advertisements to regions in 2013/14 as part of efforts to expedite the filling of vacant posts.

Expenditure on contractors and machinery and equipment increased significantly in 2013/14, due to the increased provision for the day-to-day maintenance expenditure on correctional facilities caused by higher than inflationary increases in building and maintenance materials, and increased provision for security equipment to improve access security control at correctional centres and remand detention facilities.

## Subprogramme: Offender Management

This subprogramme funds administrative activities and operations for correctional services that create an environment that is supportive of the rehabilitation and safety of offenders. These include: risk and profile management of offenders; the work of case management committees, which are responsible for ensuring that offenders with sentences longer than 24 months have correctional sentence plans and that the plans are reviewed and updated; the making of parole placement recommendations to correctional supervision and parole boards; and the supervision of offenders employed in work opportunities based on their skills. In 2012/13, the rate of overcrowding in correctional and remand detention facilities was 28.7 per cent and correctional sentence plans were developed for 97 per cent of offenders serving sentences longer than 24 months. By the end of September 2013, the rate of overcrowding was 30 per cent and correctional sentence plans were developed for 98 per cent of offenders serving sentences longer than 24 months, against 2013/14 targets of 30 per cent and 98 per cent.

## Expenditure estimates

### Table 21.9 Offender Management

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Current payments</b>	<b>1 317.8</b>	<b>1 480.2</b>	<b>1 601.3</b>	<b>1 613.0</b>	<b>7.0%</b>	<b>98.7%</b>	<b>1 632.5</b>	<b>1 729.8</b>	<b>1 835.0</b>	<b>4.4%</b>	<b>98.9%</b>
Compensation of employees	1 295.8	1 457.9	1 571.8	1 585.0	6.9%	97.0%	1 604.4	1 700.9	1 804.2	4.4%	97.2%
Goods and services	22.0	22.3	29.6	28.0	8.3%	1.7%	28.0	28.9	30.8	3.3%	1.7%
<i>of which:</i>											
Agency and support / outsourced services	0.1	0.0	–	0.0	-30.7%	–	0.0	0.0	0.0	5.5%	–
Operating leases	0.1	0.1	0.2	0.2	29.3%	–	0.4	0.4	0.4	23.7%	–
<b>Transfers and subsidies</b>	<b>20.3</b>	<b>19.7</b>	<b>18.5</b>	<b>16.6</b>	<b>-6.4%</b>	<b>1.2%</b>	<b>17.1</b>	<b>17.8</b>	<b>18.8</b>	<b>4.1%</b>	<b>1.0%</b>
Households	20.3	19.7	18.5	16.6	-6.4%	1.2%	17.1	17.8	18.8	4.1%	1.0%
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.3</b>	<b>1.0</b>	<b>1.5</b>	<b>82.3%</b>	<b>0.1%</b>	<b>1.3</b>	<b>1.4</b>	<b>1.6</b>	<b>1.3%</b>	<b>0.1%</b>
Machinery and equipment	0.3	0.3	1.0	1.5	82.3%	0.1%	1.3	1.4	1.6	1.3%	0.1%
<b>Total</b>	<b>1 338.4</b>	<b>1 500.2</b>	<b>1 620.9</b>	<b>1 631.2</b>	<b>6.8%</b>	<b>100.0%</b>	<b>1 650.9</b>	<b>1 749.0</b>	<b>1 855.4</b>	<b>4.4%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>14.7%</b>	<b>15.3%</b>	<b>14.7%</b>	<b>14.2%</b>			<b>13.4%</b>	<b>13.5%</b>	<b>13.5%</b>		

## Personnel information

### Table 21.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Offender Management	Number of posts estimated for 31 March 2014	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost	
Salary level	5 790	–	5 879	1 571.8	0.27	5 790	1 585.0	0.27	5 790	1 604.5	0.28	5 790	1 700.9	0.29	5 790	1 804.2	0.31	–	100.0%
1 – 6	2 856	–	2 806	608.2	0.22	2 856	598.4	0.21	2 856	605.7	0.21	2 856	642.1	0.22	2 856	681.1	0.24	–	49.3%
7 – 10	2 863	–	3 021	910.2	0.30	2 863	923.7	0.32	2 863	935.1	0.33	2 863	991.3	0.35	2 863	1 051.5	0.37	–	49.4%
11 – 12	69	–	50	51.2	1.02	69	60.8	0.88	69	61.5	0.89	69	65.2	0.95	69	69.2	1.00	–	1.2%
13 – 16	2	–	2	2.2	1.11	2	2.1	1.07	2	2.2	1.09	2	2.3	1.15	2	2.4	1.22	–	–

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

<sup>2</sup> Rand million.

## Expenditure trends

With a funded establishment of 5 790 posts and due to its labour intensive nature, the bulk of this subprogramme's spending goes towards compensation of employees. The 237 vacancies at the end of December 2013 can be attributed to natural attrition and the length of time it takes to finalise recruitment processes. The department expects to fill all vacancies in this subprogramme in the last quarter of 2013/14 following the decentralisation of post advertisements to regions as part of efforts to expedite the filling of vacant posts. Personnel numbers are expected to remain at 5 790 over the medium term.

Expenditure on goods and services increased significantly between 2010/11 and 2013/14, mainly due to the improved correctional sentence plans for offenders. These include the assessment, profiling, classification and reclassification of offenders. The increase in spending on fleet services in 2013/14 is due to a reclassification of budget items implemented on 1 April 2013, while the decrease in spending on operating payments in 2013/14 is due to learnerships previously paid under this item now being paid under compensation of employees.

Over the medium term, the focus of spending will be on ensuring that all offenders serving sentences longer than 24 months have correctional sentence plans. Using funds allocated to this programme over this period, from a baseline of 98 per cent in 2012/13, the department aims to ensure that sentence plans are developed for all offenders serving sentences longer than 24 months from 2014/15 onwards.

Over the seven-year period, expenditure on transfers and subsidies comprises of transfers to households to allow for the payment of offender gratuities. Transfers to households decreased between 2010/11 and 2013/14 due to fewer offenders participating in offender labour and skills development programmes than anticipated, as fewer gratuities were paid out. Since then, a national framework on offender labour has been developed in consultation with stakeholders, approved and disseminated to regions for implementation. It is anticipated that

this new framework will help to increase the number of offenders participating in offender programmes for labour and skills development from 2014/15 onward.

## Programme 3: Rehabilitation

### Objectives

- Enhance the level of literacy, education and skills competency among offenders by:
  - maintaining 80 per cent participation rate from 2014/15 onwards in formal education programmes, measured against the enrolment register per academic year
  - maintaining 80 per cent participation rate from 2014/15 onwards in skills development programmes measured against the list of offenders registered for participation.
- Enhance the social functioning and reintegration of offenders into the community by:
  - increasing the percentage of incarcerated offenders and those sentenced to correctional supervision who are involved in social work services from a projected 57 per cent in 2013/14 to 67 per cent in 2016/17
  - increasing the percentage of inmates who are involved in psychological services from a projected 5 per cent increase from the 2013/14 baseline to 16 per cent in 2016/17.
- Enhance the capacity of inmates to make moral decisions by increasing the percentage of inmates who benefit from spiritual services from a projected 52 per cent in 2013/14 to 57 per cent in 2016/17.

### Subprogrammes

- *Correctional Programmes* provides needs based correctional programmes in line with correctional sentence plans, which entail targeting elements associated with offending behaviour, focusing on the offences for which persons are incarcerated; sources, researches and develops new correctional programmes; and monitors and evaluates the implementation of programmes by correctional intervention officials. In 2012/13, 87 per cent of offenders with approved correctional sentence plans completed correctional programmes. By the end of September 2013, 36 per cent of offenders with approved correctional sentence plans had completed correctional programmes, against a target of 60 per cent for 2013/14. The subprogramme had a staff complement of 73 in 2012/13, and an estimated staff complement of 88 in 2013/14.
- *Offender Development* provides programmes and services aimed at developing competencies by providing opportunities for skills and social development. Outputs and services include technical training and education. In 2012/13, 56.8 per cent of eligible offenders participated in adult education and training programmes, 1.6 per cent in further education and training mainstream programmes, 50.3 per cent in skills training programmes, and 33.9 per cent in further education and training college programmes. At the end of September 2013, 44 per cent of eligible offenders were participating in adult education and training programmes, 4.5 per cent in further education and training mainstream programmes, 19.5 per cent in skills training programmes, and 23.4 per cent in further education and training college programmes, against 2013/14 targets of 67.2 per cent, 1.4 per cent, 28.7 per cent and 13.6 per cent. The subprogramme had a staff complement of 1 095 in 2012/13, and an estimated staff complement of 1 422 in 2013/14.
- *Psychological, Social and Spiritual Services* provides needs based programmes and services aimed at maintaining the personal wellbeing of incarcerated persons by facilitating social functioning and spiritual, moral and psychological wellbeing. In 2012/13, 24 per cent of inmates were involved in psychological services, 99 per cent benefited from social work services, and 70.4 per cent gained from spiritual care services. By the end of September 2013, 9.3 per cent of inmates were involved in psychological services, 44.7 per cent benefited from social work services, and 37.8 per cent gained from spiritual care services, against 2013/14 targets of 5 per cent, 57 per cent and 52 per cent, respectively. The subprogramme had a staff complement of 725 in 2012/13, and an estimated staff complement of 735 in 2013/14.

## Expenditure estimates

Table 21.11 Rehabilitation

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Correctional Programmes	22.6	26.4	27.3	53.3	33.1%	3.7%	57.9	61.1	65.1	6.9%	4.9%
Offender Development	512.7	535.7	556.2	670.4	9.4%	65.4%	739.4	772.5	842.1	7.9%	62.8%
Psychological, Social and Spiritual Services	217.4	246.0	258.1	353.6	17.6%	30.9%	368.5	403.4	426.2	6.4%	32.2%
<b>Total</b>	<b>752.7</b>	<b>808.2</b>	<b>841.6</b>	<b>1 077.3</b>	<b>12.7%</b>	<b>100.0%</b>	<b>1 165.8</b>	<b>1 237.0</b>	<b>1 333.5</b>	<b>7.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(15.1)			21.5	28.3	1 333.5		

## Economic classification

	725.4	786.9	818.8	1 028.9	12.4%	96.6%	1 121.3	1 196.2	1 291.4	7.9%	96.3%
<b>Current payments</b>											
Compensation of employees	548.9	583.4	582.4	785.2	12.7%	71.8%	829.3	894.3	945.5	6.4%	71.8%
Goods and services	176.5	203.4	236.4	243.7	11.4%	24.7%	292.0	302.0	345.9	12.4%	24.6%
<i>of which:</i>											
Agency and support / outsourced services	1.6	1.9	2.8	2.8	19.4%	0.3%	3.1	3.2	3.4	7.1%	0.3%
Inventory: Food and food supplies	0.7	1.8	2.5	1.0	13.3%	0.2%	0.4	0.4	0.4	-25.8%	-
Operating leases	0.4	0.5	1.1	0.7	21.6%	0.1%	0.9	1.2	1.3	19.3%	0.1%
Property payments	0.3	0.4	0.6	1.1	62.0%	0.1%	0.5	0.6	0.5	-24.8%	0.1%
<b>Transfers and subsidies</b>	<b>1.4</b>	<b>1.4</b>	<b>2.7</b>	<b>0.1</b>	<b>-67.0%</b>	<b>0.2%</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>5.7%</b>	<b>-</b>
Households	1.4	1.4	2.7	0.1	-67.0%	0.2%	0.1	0.1	0.1	5.7%	-
<b>Payments for capital assets</b>	<b>25.8</b>	<b>19.9</b>	<b>20.0</b>	<b>48.4</b>	<b>23.3%</b>	<b>3.3%</b>	<b>44.4</b>	<b>40.7</b>	<b>42.0</b>	<b>-4.6%</b>	<b>3.6%</b>
Buildings and other fixed structures	-	-	-	0.1	-	-	0.1	0.1	0.1	4.8%	-
Machinery and equipment	25.4	19.3	19.1	48.1	23.8%	3.2%	43.9	40.2	41.3	-4.9%	3.6%
Biological assets	0.4	0.7	0.9	0.2	-23.5%	0.1%	0.4	0.4	0.5	37.2%	-
<b>Payments for financial assets</b>	<b>0.1</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>752.7</b>	<b>808.2</b>	<b>841.6</b>	<b>1 077.3</b>	<b>12.7%</b>	<b>100.0%</b>	<b>1 165.8</b>	<b>1 237.0</b>	<b>1 333.5</b>	<b>7.4%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	5.1%	5.0%	4.9%	5.7%			5.9%	5.9%	6.0%		

## Personnel information

Table 21.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Rehabilitation	Number of posts estimated for 31 March 2014	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost
Salary level	2 245	1	1 893	582.4	0.3	2 245	785.2	0.3	2 245	829.3	0.4	2 245	894.3	0.4	2 245	945.5	0.4	-	100.0%
1-6	469	-	453	90.9	0.2	469	125.5	0.3	469	128.1	0.3	469	139.7	0.3	469	147.7	0.3	-	20.9%
7-10	1 555	-	1 305	396.0	0.3	1 555	527.9	0.3	1 555	566.8	0.4	1 555	608.1	0.4	1 555	642.9	0.4	-	69.3%
11-12	213	1	127	87.1	0.7	213	120.2	0.6	213	122.7	0.6	213	133.8	0.6	213	141.4	0.7	-	9.5%
13-16	8	-	8	8.3	1.0	8	11.5	1.4	8	11.7	1.5	8	12.8	1.6	8	13.5	1.7	-	0.4%

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

2. Rand million.

## Expenditure trends

The bulk of spending in this programme goes towards compensation of employees and related goods and services items, mainly due to the labour intensive nature of the *Offender Development* and *Psychological, Social and Spiritual Services* subprogrammes. Over the medium term, the spending focus will be on providing offenders with opportunities for personal development and providing psychological, social work and spiritual care services, as reflected in the bulk of the spending in the *Offender Development* and *Psychological, Social and Spiritual Services* subprogrammes. Using funds allocated to these subprogrammes between 2014/15 and 2016/17, the department aims to increase the number of offenders taking part in skills training and further education and training college programmes, from a projected 6 863 in 2014/15 to 8 306 in 2016/17.

Expenditure on goods and services increased between 2010/11 and 2013/14 to provide for the purchase of additional material, supplies, transport costs and fuel for processing items and products in departmental

production workshops and agricultural activities. Payments for capital assets also increased over this period as a result of the ongoing replacement of equipment in production workshops and agricultural facilities countrywide.

The significant increase in expenditure in the *Correctional Programmes* subprogramme in 2013/14 is due to the department prioritising increased offender involvement in programmes. The increase in expenditure in the *Psychological, Social and Spiritual Services* subprogramme in the same year is due to an increase in the number of offenders using the services this subprogramme offers as a result of intensified awareness programmes. The increases in spending on clothing material and accessories and farming supplies in 2013/14 is due to the reclassification of budget items implemented from 1 April 2013.

The programme had a funded establishment of 2 245 posts, and 1 post is filled additional to the establishment. The 271 vacancies at the end of December 2013 can be attributed to natural attrition and the length of time it takes to finalise recruitment processes. The department expects to fill all vacancies in this programme in the last quarter of 2013/14, following the decentralisation of post advertisements to regions as part of the effort to expedite the filling of vacant posts. As such, the compensation of employees spending is expected to grow significantly between 2012/13 and 2016/17.

## Programme 4: Care

### Objectives

- Improve nutritional services to inmates by maintaining the provision of therapeutic diets at 10 per cent of the total inmate population over the MTEF period.
- Maintain the health and personal wellbeing of offenders by:
  - increasing the number of inmates tested for HIV from 50 per cent in 2012/13 to 90 per cent in 2016/17
  - increasing the percentage of inmates on antiretroviral therapy from 94 per cent in 2012/13 to 97 per cent in 2016/17
  - increasing the tuberculosis cure rate from a projected 75 per cent in 2013/14 to 85 per cent in 2016/17.

### Subprogrammes

- *Nutritional Services* funds the provision of appropriate meals to inmates within correctional centres and remand detention facilities according to the prescripts of the Department of Health. Key activities include: ensuring adherence to applicable legislation, policies, guidelines, norms and standards for nutritional services; facilitating the training of food service officials on the relevant departmental policies, procedures, and norms and standards; and monitoring the provision of the required resources in the food service units for the provision of food services. In 2012/13, 26 food service units were provided with the required resources (human, equipment and facilities). By the end of September 2013, 79 food service units had been provided with the required resources, against a 2013/14 target of 80 food service units. The subprogramme had a staff complement of 596 in 2012/13, and an estimated staff complement of 618 in 2013/14.
- *Health Services* funds the provision of primary health care services in line with the prescripts of the Department of Health, for inmates within correctional centres and remand detention facilities. Key activities include: ensuring adherence to applicable legislation, policies, guidelines, norms and standards for primary health care services and pharmaceutical services; and facilitating the development of health care professionals. In 2012/13, 65 per cent of inmates who were eligible for antiretroviral treatment were receiving treatment, and 96.8 per cent of inmates diagnosed with mental illnesses were placed under appropriate treatment. By the end of September 2013, 97.1 per cent of inmates who were eligible for antiretroviral treatment were receiving treatment, and 99 per cent of inmates diagnosed with mental illnesses were placed under appropriate treatment, against 2013/14 targets of 100 per cent. The subprogramme had a staff complement of 1 074 in 2012/13, and an estimated staff complement of 1 145 in 2013/14.
- *Hygienic Services* funds the promotion of a hygienic environment and inmates' personal hygiene in correctional centres and remand detention facilities in line with the prescripts of the Department of Health. Key activities include: ensuring adherence to applicable legislation, policies, guidelines, norms and standards for personal and environmental hygiene services; and facilitating the training of environmental hygiene

officials on the relevant departmental policies, procedures, norms and standards. In 2012/13, there were 11 management areas with effectively managed health care waste services. By the end of September 2013, there were 28 management areas with effectively managed health care waste services, against a 2013/14 target of 30 management areas. The subprogramme had a staff complement of 8 in 2012/13, and an estimated staff complement of 10 in 2013/14.

## Expenditure estimates

**Table 21.13 Care**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Nutritional Services	815.9	828.8	1 004.0	825.6	0.4%	56.2%	923.2	975.0	1 022.2	7.4%	52.4%
Health Services	507.7	518.9	584.3	657.2	9.0%	36.7%	694.0	748.2	779.7	5.9%	40.2%
Hygienic Services	93.3	135.3	80.6	134.2	12.9%	7.2%	130.1	129.0	137.0	0.7%	7.4%
<b>Total</b>	<b>1 416.9</b>	<b>1 483.0</b>	<b>1 668.9</b>	<b>1 617.0</b>	<b>4.5%</b>	<b>100.0%</b>	<b>1 747.2</b>	<b>1 852.2</b>	<b>1 938.9</b>	<b>6.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				34.9			70.8	83.9	1 938.9		

### Economic classification

	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Current payments</b>	<b>1 413.0</b>	<b>1 477.0</b>	<b>1 662.7</b>	<b>1 612.2</b>	<b>4.5%</b>	<b>99.7%</b>	<b>1 739.7</b>	<b>1 847.4</b>	<b>1 933.1</b>	<b>6.2%</b>	<b>99.7%</b>
Compensation of employees	495.8	532.2	564.9	619.2	7.7%	35.8%	657.7	701.4	747.6	6.5%	38.1%
Goods and services	917.2	944.8	1 097.8	993.0	2.7%	63.9%	1 082.0	1 146.1	1 185.5	6.1%	61.6%
<i>of which:</i>											
Agency and support / outsourced services	393.9	404.7	556.1	443.6	4.0%	29.1%	438.1	460.0	477.7	2.5%	25.4%
Inventory: Food and food supplies	320.9	314.4	325.9	128.8	-26.2%	17.6%	306.7	323.0	340.9	38.3%	15.4%
Operating leases	0.3	0.2	0.3	0.6	19.0%	-	0.4	0.4	0.5	-5.5%	-
Property payments	0.1	0.3	0.5	0.6	106.0%	-	1.1	1.1	1.2	23.5%	0.1%
<b>Transfers and subsidies</b>	<b>1.3</b>	<b>2.2</b>	<b>1.6</b>	<b>0.5</b>	<b>-27.7%</b>	<b>0.1%</b>	<b>0.5</b>	<b>0.6</b>	<b>0.4</b>	<b>-9.8%</b>	<b>-</b>
Departmental agencies and accounts	-	0.1	-	-	-	-	-	-	-	-	-
Households	1.3	2.0	1.6	0.5	-27.7%	0.1%	0.5	0.6	0.4	-9.8%	-
<b>Payments for capital assets</b>	<b>2.5</b>	<b>3.8</b>	<b>4.6</b>	<b>4.3</b>	<b>19.9%</b>	<b>0.2%</b>	<b>7.0</b>	<b>4.2</b>	<b>5.4</b>	<b>7.6%</b>	<b>0.3%</b>
Machinery and equipment	2.5	3.8	4.6	4.3	19.9%	0.2%	7.0	4.2	5.4	7.6%	0.3%
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 416.9</b>	<b>1 483.0</b>	<b>1 668.9</b>	<b>1 617.0</b>	<b>4.5%</b>	<b>100.0%</b>	<b>1 747.2</b>	<b>1 852.2</b>	<b>1 938.9</b>	<b>6.2%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	9.6%	9.1%	9.6%	8.6%			8.9%	8.9%	8.8%		

## Personnel information

**Table 21.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Care	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost							
	1 904	3	1 678	564.9	0.3	1 773	619.2	0.3	1 904	657.7	0.3	1 904	701.4	0.4	1 904	747.6	0.4	2.4%	100.0%
1 - 6	426	-	347	73.0	0.2	423	78.6	0.2	426	85.0	0.2	426	90.6	0.2	426	96.6	0.2	0.2%	22.7%
7 - 10	1 402	-	1 272	447.1	0.4	1 292	491.4	0.4	1 402	520.6	0.4	1 402	555.1	0.4	1 402	591.7	0.4	2.8%	73.5%
11 - 12	74	3	57	42.3	0.7	57	46.5	0.8	74	49.3	0.7	74	52.6	0.7	74	56.0	0.8	9.1%	3.7%
13 - 16	2	-	2	2.4	1.2	1	2.7	2.7	2	2.8	1.4	2	3.0	1.5	2	3.2	1.6	26.0%	0.1%

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

<sup>2</sup> Rand million.

## Expenditure trends

The bulk of spending in the programme goes towards goods and services, specifically agency and support services for outsourced catering services, and food and food supplies, and its two largest subprogrammes are *Nutritional Services* and *Health Services*. Using funds allocated to these subprogrammes between 2010/11 and 2012/13, the department managed to improve nutritional services to inmates by renovating 26 food service units and providing them with adequate resources (human, equipment and facilities), and to enhance access to health care services by increasing the number of inmates on antiretroviral therapy from 8 091 to 11 814.

Over the medium term, the spending focus will be on providing health care services to inmates in order to improve treatment for HIV and AIDS, tuberculosis and sexually transmitted infections, as well as to promote personal hygiene services. As a result, expenditure on medicine is expected to increase significantly from 2014/15 onwards to provide for improved access to treatment. The percentage of inmates tested for HIV will be increased from 50 per cent in 2012/13 to 90 per cent in 2016/17, and the percentage of HIV positive inmates on antiretroviral therapy will be increased from 96 per cent in 2012/13 to 97 per cent in 2016/17.

Between 2010/11 and 2013/14, the increase in expenditure in the *Hygiene Services* subprogramme was because more inmate clothing items were stocked in 2011/12 and 2013/14, while the increase in spending on consumable supplies in 2013/14 is due to a reclassification of budget items implemented from 1 April 2013. The decrease in expenditure on food and food supplies in 2013/14 was due to the department's initial consideration to use internal resources for catering services at large correctional centres where these services are outsourced. However, this did not happen because of capacity shortages.

The programme has a funded establishment of 1 904 posts, and 3 posts are filled additional to the establishment. The 164 vacancies at the end of December 2013 can be attributed to natural attrition and the length of time it takes to finalise recruitment processes. Vacancy levels are expected to drop in 2014/15 due to the decentralisation of post advertisements to regions in 2013/14 as part of efforts to expedite the filling of vacant posts.

## Programme 5: Social Reintegration

### Objectives

- Improve the effectiveness of the parole system by:
  - increasing the percentage of cases considered by correctional supervision and parole boards from 70.3 per cent in 2012/13 to 97 per cent in 2016/17
  - increasing the percentage of persons placed under the system of electronic monitoring from a projected 0.69 per cent in 2013/14 to 2.6 per cent in 2016/17
  - increasing the percentage of parolees without violations from a projected 79.6 per cent in 2013/14 to 82.9 per cent in 2016/17
  - increasing the percentage of probationers without violations from a projected 80 per cent in 2013/14 to 83 per cent in 2016/17.
- Facilitate the social acceptance and effective reintegration of offenders into society by:
  - increasing the number of victims who participate in restorative justice programmes (victim/offender mediations and victim/offender dialogues) from a projected 1 750 in 2013/14 to 2 500 in 2016/17
  - increasing the number of parolees reintegrated through halfway house partnerships from a projected 50 in 2013/14 to 140 in 2016/17.

### Subprogrammes

- *Parole Administration* funds the activities of correctional supervision and parole boards, and ensures that eligible offenders are considered for parole. In 2012/13, 1 215 victims of crime made representations at parole hearings, and correctional supervision and parole boards considered 70.3 per cent of eligible cases submitted by case management committees. By the end of September 2013, 748 victims of crime had made representations at parole hearings, and correctional supervision and parole boards had considered

82.1 per cent of eligible cases, against targets of 1 060 and 94 per cent in 2013/14. The subprogramme had a staff complement of 123 in 2012/13, and an estimated staff complement of 136 in 2013/14.

- *Supervision* funds the effective administration and supervision of offenders placed under correctional and parole supervision. There are 217 community corrections offices countrywide and a daily average supervision caseload of 63 054 offenders. In 2012/13, the percentage of paroles without violations stood at 84.9 per cent. By the end of September 2013, the percentage of paroles without violations stood at 94.2 per cent, against a 2013/14 target of 79.9 per cent. The subprogramme had a staff complement of 1 649 in 2012/13, and an estimated staff complement of 1 788 in 2013/14.
- *Community Reintegration* funds the reintegration of offenders into society, as well as stakeholder management in relation to community reintegration. Key activities include: establishing partnerships with non-profit organisations and other stakeholders in opening halfway houses; running public education and awareness programmes; and encouraging dialogue between victims and offenders in order to restore relationships. In 2012/13, the department developed a policy and procedure framework for halfway houses and successfully launched one halfway house pilot in Naturena, Johannesburg. By the end of September 2013, the department had achieved 3 service level agreements on halfway houses, against a 2013/14 target of 6 halfway houses. The subprogramme had a staff complement of 62 in 2012/13, and an estimated staff complement of 64 in 2013/14.
- *Office Accommodation: Community Corrections* funds the provision of community corrections offices to enhance community reintegration. Key activities include: maintaining community corrections offices lease agreements and procuring additional office space. At the end of 2012/13, a draft concept document on the decentralisation of community corrections offices was under development. By the end of September 2013, the document was circulated and branches and regions were consulted on it. The document is expected to be approved by the end of 2013/14. The subprogramme has no staff complement, as its activities are carried out by members in the *Facilities* subprogramme under the *Incarceration* programme.

## Expenditure estimates

**Table 21.15 Social Reintegration**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Parole Administration	58.4	64.9	63.0	102.7	20.7%	10.6%	110.5	118.3	126.1	7.1%	12.6%
Supervision	492.5	546.1	552.5	625.2	8.3%	81.5%	692.2	738.0	777.6	7.5%	78.1%
Community Reintegration	18.6	21.3	33.5	39.5	28.6%	4.2%	41.5	43.6	46.1	5.3%	4.7%
Office Accommodation: Community Corrections	21.9	23.0	19.6	35.0	16.8%	3.7%	42.0	44.2	46.7	10.1%	4.6%
<b>Total</b>	<b>591.3</b>	<b>655.4</b>	<b>668.6</b>	<b>802.4</b>	<b>10.7%</b>	<b>100.0%</b>	<b>886.2</b>	<b>944.2</b>	<b>996.5</b>	<b>7.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				1.1			27.6	29.1	996.5		
<b>Economic classification</b>											
<b>Current payments</b>	<b>590.8</b>	<b>651.4</b>	<b>663.3</b>	<b>801.2</b>	<b>10.7%</b>	<b>99.6%</b>	<b>884.8</b>	<b>942.9</b>	<b>995.0</b>	<b>7.5%</b>	<b>99.9%</b>
Compensation of employees	533.3	582.5	577.8	701.9	9.6%	88.1%	749.9	800.8	847.4	6.5%	85.4%
Goods and services	57.5	68.9	85.5	99.4	20.0%	11.5%	135.0	142.1	147.6	14.1%	14.4%
of which:											
Agency and support / outsourced services	0.1	2.2	4.4	3.1	275.1%	0.4%	7.2	7.6	8.0	37.8%	0.7%
Operating leases	23.0	24.4	21.3	24.1	1.6%	3.4%	44.1	46.4	48.9	26.7%	4.5%
Property payments	–	–	0.0	12.9	–	0.5%	0.0	0.0	0.0	-93.2%	0.4%
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>3.5</b>	<b>4.1</b>	<b>0.2</b>	<b>-7.4%</b>	<b>0.3%</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>1.8%</b>	<b>–</b>
Households	0.2	3.5	4.1	0.2	-7.4%	0.3%	0.1	0.2	0.2	1.8%	–
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.5</b>	<b>1.2</b>	<b>1.0</b>	<b>88.9%</b>	<b>0.1%</b>	<b>1.3</b>	<b>1.1</b>	<b>1.3</b>	<b>8.0%</b>	<b>0.1%</b>
Machinery and equipment	0.2	0.5	1.2	1.0	88.9%	0.1%	1.3	1.1	1.3	8.0%	0.1%
<b>Payments for financial assets</b>	<b>0.2</b>	<b>–</b>	<b>0.1</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>591.3</b>	<b>655.4</b>	<b>668.6</b>	<b>802.4</b>	<b>10.7%</b>	<b>100.0%</b>	<b>886.2</b>	<b>944.2</b>	<b>996.5</b>	<b>7.5%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>4.0%</b>	<b>4.0%</b>	<b>3.9%</b>	<b>4.3%</b>			<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>		

## Personnel information

**Table 21.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual 2012/13			Revised estimate 2013/14			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	2014/15			2015/16			2016/17					
								Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
Social Reintegration																			
Salary level	2 078	–	1 834	577.8	0.3	1 988	701.9	0.4	2 078	749.9	0.4	2 078	800.8	0.4	2 078	847.4	0.4	1.5%	100.0%
1 – 6	803	–	694	166.8	0.2	797	204.9	0.3	803	216.4	0.3	803	231.1	0.3	803	244.5	0.3	0.3%	39.0%
7 – 10	1 202	–	1 071	367.2	0.3	1 124	443.0	0.4	1 202	476.5	0.4	1 202	508.9	0.4	1 202	538.5	0.4	2.3%	57.5%
11 – 12	70	–	65	40.5	0.6	64	49.8	0.8	70	52.6	0.8	70	56.2	0.8	70	59.4	0.8	3.0%	3.3%
13 – 16	3	–	4	3.4	0.8	3	4.1	1.4	3	4.4	1.5	3	4.7	1.6	3	4.9	1.6	–	0.1%

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

2. Rand million.

## Expenditure trends

The bulk of this programme's spending goes towards compensation of employees and related goods and services items, due to the labour intensive nature of its largest subprogramme, *Supervision*. The focus of spending over the medium term will be on the effective supervision of offenders placed under the system of community corrections and the facilitation of their social reintegration into communities. As a result, using funds allocated to the *Supervision* and *Community Reintegration* subprogrammes, the department plans to increase the percentage of parolees without violations from a projected 79.6 per cent in 2013/14 to 82.9 per cent in 2016/17, and the number of parolees reintegrated through halfway house partnerships from a projected 50 in 2013/14 to 140 in 2016/17. Expenditure on contractors is also expected to increase over this period to provide for the rollout of electronic monitoring. Plans are under way to increase the number of persons placed under electronic monitoring from 150 in 2013/14 to 1 000 in 2016/17.

Between 2010/11 and 2013/14, expenditure in the *Parole Administration* subprogramme increased significantly due to the filling of vacant posts for correctional supervision and parole boards, while the increased spending on the *Office Accommodation: Community Corrections* subprogramme in 2013/14 provides for escalations in community corrections offices lease agreements and the procurement of additional office space. The increased provision under the *Community Reintegration* subprogramme from 2012/13 onwards is for the implementation of victim/offender dialogues in correctional centres and society, while the increases in spending on fleet services in 2013/14 is due to a reclassification of budget items implemented from 1 April 2013.

The programme had a funded establishment of 2 078 posts, of which 106 were vacant at the end of December 2013. These vacancies can be attributed to natural attrition and the length of time it takes to finalise recruitment processes. Vacancy levels are expected to drop in 2014/15 due to the decentralisation of post advertisements to regions in 2013/14, as part of efforts to expedite the filling of vacant posts.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
<b>R million</b>										
<b>Departmental infrastructure</b>										
Kimberley correctional centre	3 000 beds, support amenities, development and care facilities, offices, and clinic provided; integrated IT installed	Hand over	986.5	1.5	3.1	-	-	-	-	-
Worcester, Brandvlei correctional centre	346 additional beds in permanent structures to replace temporary structures, support amenities, development and care facilities, and clinic provided	Hand over	386.8	139.7	32.1	12.4	-	-	-	-
Vanrhynsdorp correctional centre	328 additional beds, support amenities, and administration and visitation block provided	Construction	278.5	75.0	49.9	19.5	-	-	-	-
Ceres, Warmbokkeveld correctional centre	282 additional beds, support amenities, and development and care facilities provided; existing dilapidated structures upgraded	Construction	231.6	66.0	30.9	40.9	-	-	-	-
Burgersdorp correctional centre	311 additional beds, support amenities, and development and care facilities provided; existing dilapidated structures upgraded	Design	298.0	-	-	-	1.0	38.1	35.0	90.0
Estcourt correctional centre	309 additional beds and support facilities provided	Construction	230.0	9.0	10.8	16.6	92.5	47.5	70.0	95.0
Tzaneen correctional centre	435 additional beds, support amenities, and development and care facilities provided	Construction	264.0	56.0	65.6	67.8	0.7	-	-	-
Ingwavuma correctional centre	212 additional beds and support facilities for males provided; old structures refurbished	Design	278.0	3.0	0.2	0.2	-	15.0	25.0	60.0
Zeerust correctional centre	500 additional beds and support facilities provided	Design	230.0	2.5	0.5	0.1	-	9.9	20.0	45.0
Nongoma correctional centre	191 additional beds and support facilities provided; heritage building restored	Design	219.0	3.0	6.6	1.5	70.0	30.5	20.0	45.0
Nkandla correctional centre	153 additional beds and support facilities provided; heritage building restored	Design	225.0	3.0	0.1	-	34.5	50.0	20.0	45.0
Maphumulo correctional centre	33 additional beds and support facilities provided; heritage parts of existing building restored	Design	89.0	-	1.1	-	31.1	30.0	-	-
Standerton correctional centre	787 additional beds and support facilities provided	Tender	328.0	13.9	23.3	1.6	80.4	64.4	65.0	80.0
Pretoria, C-Max correctional centre	12 additional beds and support facilities provided; security upgraded	Construction	131.0	9.2	31.9	35.9	48.7	1.0	-	-
Parys correctional centre	176 additional beds, support amenities, and development and care facilities provided; existing dilapidated structures upgraded	Design	94.4	27.1	-	-	30.0	35.5	10.0	10.2
Newcastle correctional centre	186 additional beds and support facilities provided	Identification	100.0	-	-	-	0.5	-	20.0	-
Lichtenburg correctional centre	Correctional centre upgraded, including 234 additional beds provided	Construction	220.0	-	-	66.6	62.9	62.0	70.0	85.0
Potchefstroom correctional centre	Correctional centre upgraded, including 761 additional beds provided	Various	900.0	-	-	-	9.3	-	70.0	30.0
Bergville correctional centre	Correctional centre upgraded, including 6 cells erected (39 additional beds) and support facilities provided	Various	39.0	-	0.8	0.2	-	-	-	-

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
R million Matatiele correctional centre	Correctional centre upgraded, including 10 cells erected (24 additional beds) and support facilities provided; heritage parts of existing building restored	Design	60.7	5.5	3.0	23.7	-	19.9	-	-
Odi correctional centre	Construction of a new access control gate and visitors' waiting rooms provided	Construction	9.8	3.8	6.9	2.2	-	-	-	-
Parole board offices	53 parole board offices completed constructed	Construction	140.2	18.7	7.0	2.3	-	-	-	-
Independent Development Trust	Perimeter security fencing and intercoms installed; immovable asset management audits conducted	Construction	513.0	-	86.0	264.9	12.0	28.4	70.0	-
Remand detention feasibility studies	Feasibility studies for remand detention facilities completed	Design	30.0	10.0	-	-	-	13.0	-	-
Head office	Feasibility study for a new head office building completed	Identification	3.0	1.0	0.1	-	-	-	-	-
Audit of facilities	Correctional centre facilities audited in compliance with Government Immoveable Asset Management Act (2007)	Design	15.0	1.0	-	-	-	-	-	-
Pietermaritzburg, Qalekabhusha correctional centre	Integrated security system provided	Construction	71.0	40.0	29.8	0.9	-	-	-	-
Kimberley, Brandvlei, Ceres and Vanrhynsdorp correctional centres	Integrated IT systems installed	Various	63.0	7.0	-	-	-	-	-	-
King Williamstown correctional centre	Correctional centre upgraded	Various	6.0	-	-	-	-	6.0	-	-
Mthunzini correctional centre	Correctional centre upgraded	Design	3.2	-	-	-	2.2	1.0	-	-
Goedemoed correctional centre	Water channel upgraded	Construction	70.6	8.5	15.5	-	-	-	-	-
Kokstad correctional centre	Water and sewerage pipes replaced and other civil works	Identification	-	-	10.5	0.2	15.0	10.0	5.0	8.6
Brandvlei correctional centre	Structures repaired and maintained	Identification	-	-	-	0.6	10.0	40.0	10.0	25.0
Port Elizabeth, North End correctional centre	Structures repaired and maintained - Major repair and renovation to entire correctional centre and offices	Construction	-	-	15.8	35.5	30.7	-	-	-
Rustenburg correctional centre	Structures repaired and maintained - Major repair and renovation to entire correctional centre, offices and staff housing	Various	-	-	-	8.9	32.8	29.6	41.1	40.0
Durban Westville correctional centre	Structures repaired and maintained - Total repairs to the entire correctional centre complex including civil works and buildings	Identification	-	-	-	-	-	-	20.0	40.0
Johannesburg correctional centre	Structures repaired and maintained - Total repairs to the entire correctional centre complex including civil works and buildings	Identification	-	-	3.3	-	-	-	20.0	40.0
St Albans correctional centre	Structures repaired and maintained - Total repairs to the entire correctional centre complex including civil works and buildings	Identification	-	-	1.0	-	-	-	15.0	30.0
Various centres: Standby generators	Standby generators installed	Design	18.0	2.0	10.5	36.1	-	50.0	10.0	-
Various centres: School facilities	New school facilities constructed	Various	135.0	-	-	-	1.0	10.0	30.0	-

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2013/14	Medium-term expenditure estimate			
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17	
R million											
Various centres: Replacement of equipment	Kitchen equipment, boilers, incinerators, power, water and sewerage systems replaced in compliance with Occupational Health and Safety Act (1993)	Construction	343.0	66.0	59.0	26.4	-	80.0	60.0	50.0	
Various centres: Structures repaired and maintained	Repairs to correctional centre facilities and planning for correctional centre facilities such as Rustenburg, Brandvlei Maximum and Brits	Design	-	186.0	3.4	21.9	110.5	127.6	105.6	44.6	
Other small grouped projects	Integrated security systems installed; kitchen equipment and boilers replaced; standby generators installed; water and sewerage plants upgraded	Various	1 342.2	190.6	83.8	57.7	127.2	13.5	8.2	-	
<b>Total</b>			<b>8 352.5</b>	<b>950.9</b>	<b>592.4</b>	<b>744.5</b>	<b>803.1</b>	<b>813.0</b>	<b>819.9</b>	<b>863.4</b>	

# Vote 22

## Defence and Military Veterans

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	4 866.5	4 288.6	546.6	31.4	5 187.9	5 478.2
Force Employment	3 437.0	2 957.9	293.4	185.6	3 656.3	3 855.4
Landward Defence	13 854.9	11 550.3	2 217.0	87.6	14 852.6	15 640.2
Air Defence	7 166.9	5 034.0	2 129.1	3.8	7 428.8	7 209.7
Maritime Defence	3 678.5	2 784.0	873.7	20.8	3 754.8	4 927.5
Military Health Support	3 849.1	3 791.5	29.5	28.0	4 059.4	4 325.1
Defence Intelligence	792.1	328.6	458.7	4.8	828.8	874.8
General Support	5 186.3	3 736.3	1 290.1	159.9	5 532.7	5 869.7
<b>Total expenditure estimates</b>	<b>42 831.2</b>	<b>34 471.1</b>	<b>7 838.2</b>	<b>521.9</b>	<b>45 301.3</b>	<b>48 180.5</b>

Executive authority Minister of Defence and Military Veterans

Accounting officer Secretary for Defence

Website address [www.dod.mil.za](http://www.dod.mil.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Defend and protect the Republic of South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force. Provide for military veterans' benefits.*

### Mandate

The Department of Defence derives its mandate from the Defence Act (2002), as amended by the Defence Amendment Act (2010), as well as the 1996 White Paper on Defence and the 1998 Defence Review. The department is required to provide, manage and employ defence capabilities that are commensurate with the needs of South Africa.

### Strategic goals

The department's strategic goals over the medium term are to:

- conduct ordered defence commitments in accordance with government policy and strategy
- provide mission ready defence capabilities
- provide sound defence direction
- ensure defence compliance with the regulatory framework.

### Programme purposes

#### Programme 1: Administration

**Purpose:** Develop policy, and provide management and administration for the Department of Defence; and provide for military veterans' benefits through the Department of Military Veterans.

#### Programme 2: Force Employment

**Purpose:** Provide and employ defence capabilities, including an operational capability, to successfully conduct all operations as well as joint, interdepartmental and multinational military exercises.

**Programme 3: Landward Defence**

**Purpose:** Provide prepared and supported landward defence capabilities for the defence and protection of South Africa.

**Programme 4: Air Defence**

**Purpose:** Provide prepared and supported air defence capabilities for the defence and protection of South Africa.

**Programme 5: Maritime Defence**

**Purpose:** Provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.

**Programme 6: Military Health Support**

**Purpose:** Provide prepared and supported health capabilities and services for the defence and protection of South Africa.

**Programme 7: Defence Intelligence**

**Purpose:** Provide defence intelligence and counter intelligence capability.

**Programme 8: General Support**

**Purpose:** Provide general support capabilities and services to the department.

**Selected performance indicators****Table 22.1 Defence and Military Veterans**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Total number of defence attaché offices	Administration	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	37	39	40	40	41	43	45
Number of military skills development members in the system per year	Administration	Outcome 5: A skilled and capable workforce to support an inclusive growth path	8 662	11 213	8 955	4 208	4 272	4 782	4 470
Number of reserve force person days	Administration	Outcome 3: All people in South Africa are and feel safe	-1	-1	-1	-1	1 883 683	1 890 002	1 870 362
Percentage compliance with the South African Development Community standby force agreement and South African Pledge	Force Employment	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	-2	100%	100%	100%	100%	100%	100%
Percentage compliance with number of ordered commitments (external operations)	Force Employment Landward Defence Defence Intelligence		100% (4)	100% (3)	100% (5)	100% (6)	100% (5)	100% (5)	100% (5)
Percentage compliance with number of ordered commitments (internal operations) <sup>3</sup>	Force Employment	Outcome 3: All people in south Africa are and feel safe	100% (5)	100% (4)	100% (4)	100% (4)	100% (4)	100% (4)	100% (4)
Number of joint, interdepartmental and multinational military exercises conducted per year	Force Employment	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	8	6	5	9	9	7	9
Number of landward sub-units deployed on border safeguarding per year	Force Employment	Outcome 3: All people in South Africa are and feel safe	-2	7	11	13	13	13	13
Number of force employment hours flown per year	Air Defence	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	8 279	11 256	11 697	6 500	6 985	6 985	6 985
Number of hours at sea per year	Maritime Defence		8 286	14 088	7 339	22 000	12 000	12 000	12 000

1. This indicator has been changed. It previously measured the number of reserves used per year.

2. This indicator was introduced in 2011/12.

3. Internal operations include border safeguarding and operations in support of other government departments.

## The national development plan

A key objective of the national development plan is to reduce youth unemployment. The Department of Defence can continue to contribute to this aspect of the plan through its national youth service programme. The programme provides selected youth with basic soft skills such as discipline, entrepreneurial and vocational skills, before they are absorbed into government departments. These initiatives also contribute to broader social development and upliftment. 6 745 national youth service members have been trained since 2011/12. The department continues to recruit members and train them in its military skills development system as a means of force rejuvenation. 38 806 members have been recruited and trained since 2003. 13 524 members are set to be trained over the MTEF period.

Another objective of the national development plan is to strengthen South Africa's position in the SADC region and to increase trade and investment. The department continues to provide defence force support in operations to bring economic and political stability to the continent. This includes contributing to the SADC maritime security strategy by combating piracy along the east coast of Africa. Over the medium term, the South African National Defence Force will focus on the preparation of naval forces for operations in support of the maritime security strategy, including patrols to safeguard border posts conducted together with the South African Police Service.

## Expenditure estimates

Table 22.2 Defence And Military Veterans

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16			2016/17
R million													
Administration	3 452.9	3 747.1	3 781.6	4 509.0	4 509.0	9.3%	10.8%	4 866.5	5 187.9	5 478.2	6.7%	11.3%	
Force Employment	2 265.5	2 358.5	2 781.0	3 555.7	3 555.7	16.2%	7.7%	3 437.0	3 656.3	3 855.4	2.7%	8.2%	
Landward Defence	9 295.6	10 962.2	12 367.9	13 604.9	13 604.9	13.5%	32.3%	13 854.9	14 852.6	15 640.2	4.8%	32.7%	
Air Defence	5 489.1	6 527.7	7 074.9	5 714.4	5 714.4	1.4%	17.3%	7 166.9	7 428.8	7 209.7	8.1%	15.6%	
Maritime Defence	2 349.9	2 574.7	2 894.9	3 107.3	3 107.3	9.8%	7.6%	3 678.5	3 754.8	4 927.5	16.6%	8.7%	
Military Health Support	3 150.1	3 400.1	3 459.9	3 762.1	3 762.1	6.1%	9.6%	3 849.1	4 059.4	4 325.1	4.8%	9.0%	
Defence Intelligence	633.9	653.1	705.1	767.9	767.9	6.6%	1.9%	792.1	828.8	874.8	4.4%	1.8%	
General Support	3 805.4	4 107.9	4 636.9	5 636.8	5 636.8	14.0%	12.7%	5 186.3	5 532.7	5 869.7	1.4%	12.6%	
<b>Total</b>	<b>30 442.4</b>	<b>34 331.4</b>	<b>37 702.2</b>	<b>40 658.2</b>	<b>40 658.2</b>	<b>10.1%</b>	<b>100.0%</b>	<b>42 831.2</b>	<b>45 301.3</b>	<b>48 180.5</b>	<b>5.8%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				414.8	414.8			135.8	179.8	200.9			

### Economic classification

<b>Current payments</b>	<b>25 547.0</b>	<b>27 237.4</b>	<b>29 584.6</b>	<b>33 588.1</b>	<b>33 588.1</b>	<b>9.6%</b>	<b>81.0%</b>	<b>34 471.1</b>	<b>36 510.2</b>	<b>39 137.1</b>	<b>5.2%</b>	<b>81.2%</b>
Compensation of employees	16 597.1	17 569.0	19 688.4	21 373.0	21 373.0	8.8%	52.6%	21 980.2	23 354.7	25 138.5	5.6%	51.9%
Goods and services	8 949.9	9 668.5	9 896.2	12 215.1	12 215.1	10.9%	28.5%	12 490.9	13 155.5	13 998.6	4.6%	29.3%
<i>of which:</i>												
Computer services	856.4	861.2	896.6	1 129.1	1 129.1	9.7%	2.6%	1 073.0	1 147.4	1 228.3	2.8%	2.6%
Contractors	3 322.2	3 619.5	2 041.6	2 337.0	2 337.0	-11.1%	7.9%	2 789.1	3 026.9	3 288.5	12.1%	6.5%
Inventory: Food and food supplies	708.9	697.7	725.2	743.7	743.7	1.6%	2.0%	806.6	833.3	876.1	5.6%	1.8%
Property payments	580.9	761.6	2 130.0	2 914.9	2 914.9	71.2%	4.5%	2 970.1	3 114.3	3 285.3	4.1%	6.9%
<b>Transfers and subsidies</b>	<b>3 888.0</b>	<b>5 877.8</b>	<b>6 103.4</b>	<b>6 171.2</b>	<b>6 171.2</b>	<b>16.6%</b>	<b>15.4%</b>	<b>7 838.2</b>	<b>8 234.6</b>	<b>8 555.1</b>	<b>11.5%</b>	<b>17.4%</b>
Provinces and municipalities	-	-	-	-	-			0.1	0.1	0.1		0.0%
Departmental agencies and accounts	3 024.7	4 877.9	4 960.5	4 695.2	4 695.2	15.8%	12.3%	6 624.6	6 997.3	7 243.9	15.6%	14.4%
Foreign governments and international organisations	-	-	-	299.1	299.1		0.2%	-	-	-	-100.0%	0.2%
Public corporations and private enterprises	737.5	890.7	1 028.7	1 032.3	1 032.3	11.9%	2.6%	1 096.3	1 117.8	1 191.3	4.9%	2.5%
Non-profit institutions	5.2	6.3	7.0	6.9	6.9	10.1%	0.0%	7.7	8.0	8.5	6.9%	0.0%
Households	120.6	102.8	107.2	137.6	137.6	4.5%	0.3%	109.6	111.4	111.3	-6.8%	0.3%
<b>Payments for capital assets</b>	<b>840.4</b>	<b>977.5</b>	<b>1 877.7</b>	<b>745.3</b>	<b>745.3</b>	<b>-3.9%</b>	<b>3.1%</b>	<b>521.9</b>	<b>556.5</b>	<b>488.3</b>	<b>-13.1%</b>	<b>1.3%</b>
Buildings and other fixed structures	251.2	279.7	685.3	115.6	115.6	-22.8%	0.9%	123.7	128.7	132.9	4.8%	0.3%
Machinery and equipment	581.4	697.1	1 162.8	575.7	575.7	-0.3%	2.1%	347.1	371.0	293.1	-20.1%	0.9%
Specialised military assets	7.6	-	22.6	40.5	40.5	74.6%	0.0%	45.3	56.0	61.5	14.9%	0.1%
Biological assets	0.1	0.6	4.1	0.2	0.2	31.9%	0.0%	-	-	-	-100.0%	0.0%
Software and other intangible assets	0.1	0.1	3.0	13.4	13.4	366.5%	0.0%	5.9	0.8	0.8	-60.5%	0.0%
<b>Payments for financial assets</b>	<b>167.0</b>	<b>238.7</b>	<b>136.4</b>	<b>153.6</b>	<b>153.6</b>	<b>-2.7%</b>	<b>0.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>
<b>Total</b>	<b>30 442.4</b>	<b>34 331.4</b>	<b>37 702.2</b>	<b>40 658.2</b>	<b>40 658.2</b>	<b>10.1%</b>	<b>100.0%</b>	<b>42 831.2</b>	<b>45 301.3</b>	<b>48 180.5</b>	<b>5.8%</b>	<b>100.0%</b>

## Personnel information

**Table 22.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost
<b>Defence And Military Veterans</b>																			
Salary level	76 538	-	78 442	19 688.4	0.3	77 609	21 373.0	0.3	77 606	21 980.2	0.3	77 822	23 354.7	0.3	78 582	25 138.5	0.3	0.4%	100.0%
1 – 6	52 066	-	54 299	10 091.0	0.2	52 604	10 538.2	0.2	53 011	10 702.6	0.2	53 695	11 829.5	0.2	54 704	12 954.5	0.2	1.3%	68.7%
7 – 10	22 730	-	22 609	8 443.8	0.4	23 261	9 173.5	0.4	22 853	9 618.2	0.4	22 431	9 808.3	0.4	22 167	10 338.7	0.5	-1.6%	29.1%
11 – 12	1 351	-	1 234	844.0	0.7	1 363	1 203.6	0.9	1 351	1 155.2	0.9	1 320	1 267.3	1.0	1 331	1 386.5	1.0	-0.8%	1.7%
13 – 16	389	-	298	307.6	1.0	379	454.0	1.2	389	500.5	1.3	374	446.2	1.2	378	455.3	1.2	-0.1%	0.5%
Other	2	-	2	2.0	1.0	2	3.7	1.9	2	3.7	1.9	2	3.4	1.7	2	3.4	1.7	-	0.0%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on managing the department effectively, maintaining current defence capabilities, and executing ordered peace missions and border safeguarding patrols and implementing the maritime security strategy. Over this period, expenditure in the *Force Employment* programme is projected to increase due to the allocation of additional funding for border safeguarding, antipiracy operations and peacekeeping missions in foreign countries. The projected increase in expenditure in the *Maritime Defence* programme over the same period is due to the ongoing implementation of the maritime security strategy, which was introduced in 2013/14, to combat piracy on the east coast of Africa and the Mozambique Channel.

The projected increase in expenditure on goods and services over the medium term is mainly due to Cabinet approved additional allocations for peacekeeping commitments and border safeguarding. To improve operations in the South African Air Force and South African Military Health Service over the MTEF period, R341.9 million from the special defence account and R100 million from goods and services were reprioritised towards the *Air Defence* and *Military Health Support* programmes. Over the same period, expenditure in the *Administration* programme is expected to grow mainly as a result of increases in office accommodation, allocations for military veterans' benefits and the establishment of operational law structures. Due to the technical and sophisticated nature of defence equipment, the biggest spending under goods and services over the medium term is contractors and this is mainly related to aircraft upgrading and modification, and the maintenance of equipment. Specialised military health services are also outsourced to the private sector.

The growth projected in spending on transfer payments over the medium term is mainly due to expected increases in spending on armament acquisition projects and the payment of military veterans' benefits. The increase in the payments for capital assets between 2010/11 and 2012/13 was due to the completion of the new runway at the air force base in Waterkloof in 2012/13, while the further decrease projected to 2016/17 is due to the completion of a process to procure transport equipment in 2013/14 and 2014/15.

The increase in expenditure on compensation of employees between 2010/11 and 2013/14 was mainly due to the implementation of the military salary dispensation for regular and reserve force members. This is also the reason for the increase in spending over the same period in the labour intensive *Force Employment*, *Landward Defence* and *General Support* programmes. The department had a funded establishment of 76 538 posts and in totality there were no vacancies at the end of November 2013. Personnel numbers are expected to increase to 78 582 in 2016/17 to rejuvenate the landward forces and build capacity in the Defence Works Formation, which was established in 2012/13. This increase in personnel numbers over the medium term is expected to result in an increase in spending on compensation of employees over the same period.

### Infrastructure spending

Through its capital works programme, the department builds medical health facilities and security installations, upgrades infrastructure for disabled persons, and improves and upgrades accommodation and training facilities. The department funded 25 capital works building projects in 2013/14. Spending on capital works increases from R109 million in 2014/15 to R121 million in 2016/17 to provide for the relocation of the air force base in Durban

and the construction of training facilities. Five projects are expected to continue beyond the medium term, for which R344 million has been allocated.

The department also continued with 46 refurbishment projects in 2013/14, of which 20 are expected to be completed over the medium term. R3.8 billion has been allocated for their completion. The department has prioritised the refurbishments of its military bases, units, depots, ammunition sites, hospitals, accommodation facilities and energy saving devices. In addition, R28 million has been allocated over the medium term to demolish unserviceable infrastructure.

## Departmental receipts

Table 22.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
<b>Departmental receipts</b>	<b>689 688</b>	<b>4 269 010</b>	<b>1 044 487</b>	<b>798 930</b>	<b>798 930</b>	<b>5.0%</b>	<b>100.0%</b>	<b>814 908</b>	<b>818 166</b>	<b>859 075</b>	<b>2.4%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>255 338</b>	<b>286 108</b>	<b>304 877</b>	<b>301 414</b>	<b>301 414</b>	<b>5.7%</b>	<b>16.9%</b>	<b>300 035</b>	<b>272 246</b>	<b>285 858</b>	<b>-1.8%</b>	<b>35.2%</b>
Administration fees	15	21	17	30	30	26.0%	-	-	-	-	-100.0%	-
of which:												
Administrative fees	15	21	17	30	30	26.0%	-	-	-	-	-100.0%	-
Other sales	255 323	286 087	304 860	301 384	301 384	5.7%	16.9%	300 035	272 246	285 858	-1.7%	35.2%
of which:												
Services rendered	185 077	213 412	-	244 062	244 062	9.7%	9.4%	248 943	264 129	277 335	4.4%	31.4%
Sale of goods	5 738	3 923	304 860	10 000	10 000	20.3%	4.8%	2 824	2 996	3 146	-32.0%	0.6%
Rental of capital assets	64 508	68 752	-	47 322	47 322	-9.8%	2.7%	48 268	5 121	5 377	-51.6%	3.2%
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>8 651</b>	<b>6 102</b>	<b>2 295</b>	<b>18 653</b>	<b>18 653</b>	<b>29.2%</b>	<b>0.5%</b>	<b>19 026</b>	<b>20 186</b>	<b>21 196</b>	<b>4.4%</b>	<b>2.4%</b>
of which:												
Sales: Scrap	6 613	2 600	2 295	18 603	18 603	41.2%	0.4%	18 975	20 132	21 139	4.4%	2.4%
Military equipment sold	2 038	3 502	-	50	50	-70.9%	0.1%	51	54	57	4.5%	-
<b>Transfers received</b>	<b>250 767</b>	<b>360 206</b>	<b>570 322</b>	<b>171 098</b>	<b>171 098</b>	<b>-12.0%</b>	<b>19.9%</b>	<b>174 508</b>	<b>185 153</b>	<b>194 411</b>	<b>4.3%</b>	<b>22.0%</b>
Fines, penalties and forfeits	4 459	894	1 297	3 776	3 776	-5.4%	0.2%	3 851	4 086	4 290	4.3%	0.5%
<b>Interest, dividends and rent on land</b>	<b>2 628</b>	<b>162 779</b>	<b>36 776</b>	<b>2 583</b>	<b>2 583</b>	<b>-0.6%</b>	<b>3.0%</b>	<b>2 635</b>	<b>2 796</b>	<b>2 936</b>	<b>4.4%</b>	<b>0.3%</b>
Interest	2 628	162 779	36 776	2 583	2 583	-0.6%	3.0%	2 635	2 796	2 936	4.4%	0.3%
<b>Sales of capital assets</b>	<b>23 068</b>	<b>78 919</b>	<b>64 220</b>	<b>55 025</b>	<b>55 025</b>	<b>33.6%</b>	<b>3.3%</b>	<b>56 125</b>	<b>59 549</b>	<b>62 526</b>	<b>4.4%</b>	<b>7.1%</b>
<b>Transactions in financial assets and liabilities</b>	<b>144 777</b>	<b>3 374 002</b>	<b>64 700</b>	<b>246 381</b>	<b>246 381</b>	<b>19.4%</b>	<b>56.3%</b>	<b>258 728</b>	<b>274 150</b>	<b>287 858</b>	<b>5.3%</b>	<b>32.4%</b>
<b>Total</b>	<b>689 688</b>	<b>4 269 010</b>	<b>1 044 487</b>	<b>798 930</b>	<b>798 930</b>	<b>5.0%</b>	<b>100.0%</b>	<b>814 908</b>	<b>818 166</b>	<b>859 075</b>	<b>2.4%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 22.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Ministry	97.3	124.2	93.3	68.7	-10.9%	2.5%	77.4	80.0	84.2	7.0%	1.5%
Departmental Direction	27.2	40.1	49.5	58.8	29.3%	1.1%	62.4	62.4	64.2	3.0%	1.2%
Policy and Planning	67.7	75.7	94.8	98.3	13.2%	2.2%	100.6	115.5	122.3	7.5%	2.2%
Financial Services	240.8	264.3	276.6	313.0	9.1%	7.1%	316.0	329.0	349.3	3.7%	6.5%
Human Resources Support Services	609.7	587.0	608.6	667.2	3.0%	16.0%	688.2	718.0	761.2	4.5%	14.1%
Legal Services	159.0	168.6	208.4	272.0	19.6%	5.2%	271.8	288.6	306.4	4.1%	5.7%
Inspection Services	62.0	68.5	74.7	85.6	11.3%	1.9%	116.6	119.5	126.3	13.9%	2.2%
Acquisition Services	52.6	47.9	54.3	49.6	-2.0%	1.3%	49.8	52.1	55.3	3.7%	1.0%
Communication Services	29.1	29.9	32.6	30.9	2.0%	0.8%	40.0	41.8	44.2	12.7%	0.8%
South African National Defence Force Command and Control	96.4	107.8	152.9	138.7	12.9%	3.2%	144.6	149.5	158.5	4.6%	3.0%
Religious Services	8.7	9.7	11.3	11.7	10.5%	0.3%	12.6	13.4	14.2	6.5%	0.3%
Defence Reserve Direction	19.8	22.8	17.5	23.5	5.9%	0.5%	25.2	26.1	27.6	5.5%	0.5%
Defence Foreign Relations	140.3	159.7	150.4	224.3	16.9%	4.4%	212.4	223.4	236.3	1.8%	4.5%
Office Accommodation	1 842.2	2 020.9	1 859.6	2 115.4	4.7%	50.6%	2 244.7	2 362.0	2 487.2	5.5%	46.0%
Military Veterans Management	-	20.0	97.0	351.4	-	3.0%	504.2	606.8	641.1	22.2%	10.5%
<b>Total</b>	<b>3 452.9</b>	<b>3 747.1</b>	<b>3 781.6</b>	<b>4 509.0</b>	<b>9.3%</b>	<b>100.0%</b>	<b>4 866.5</b>	<b>5 187.9</b>	<b>5 478.2</b>	<b>6.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				74.4			88.2	91.6	78.5		

Table 22.5 Administration

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million	3 371.6	3 652.9	3 573.3	4 091.3	6.7%	94.8%	4 288.6	4 510.0	4 763.5	5.2%	88.1%
<b>Current payments</b>											
Compensation of employees	1 134.4	1 179.0	1 274.5	1 464.6	8.9%	32.6%	1 550.2	1 619.0	1 730.4	5.7%	31.8%
Goods and services	2 237.3	2 473.9	2 298.8	2 626.6	5.5%	62.2%	2 738.4	2 891.0	3 033.1	4.9%	56.3%
of which:											
Computer services	62.2	90.1	74.1	106.8	19.8%	2.2%	99.8	111.9	112.5	1.8%	2.2%
Contractors	1 137.2	1 132.8	9.5	27.9	-71.0%	14.9%	11.3	11.3	11.5	-25.6%	0.3%
Inventory: Food and food supplies	10.0	8.9	7.2	13.2	9.7%	0.3%	12.8	12.7	13.0	-0.4%	0.3%
Property payments	551.2	731.6	1 658.0	1 896.4	51.0%	31.2%	2 020.9	2 129.2	2 243.7	5.8%	41.4%
<b>Transfers and subsidies</b>	<b>33.2</b>	<b>32.8</b>	<b>134.8</b>	<b>388.9</b>	<b>127.2%</b>	<b>3.8%</b>	<b>546.6</b>	<b>652.8</b>	<b>687.9</b>	<b>20.9%</b>	<b>11.4%</b>
Departmental agencies and accounts	14.4	15.3	114.1	369.9	195.0%	3.3%	526.9	631.4	666.1	21.7%	10.9%
Non-profit institutions	4.8	5.9	6.2	6.5	10.6%	0.2%	6.9	7.2	7.6	5.0%	0.1%
Households	13.9	11.6	14.4	12.4	-3.7%	0.3%	12.7	14.2	14.2	4.6%	0.3%
<b>Payments for capital assets</b>	<b>29.2</b>	<b>34.0</b>	<b>38.3</b>	<b>28.9</b>	<b>-0.3%</b>	<b>0.8%</b>	<b>31.4</b>	<b>25.1</b>	<b>26.8</b>	<b>-2.4%</b>	<b>0.6%</b>
Machinery and equipment	29.1	34.0	38.3	28.8	-0.3%	0.8%	31.3	25.1	26.8	-2.5%	0.6%
Software and other intangible assets	0.0	-	-	0.0	-9.1%	-	0.0	0.0	0.1	49.4%	-
<b>Payments for financial assets</b>	<b>19.0</b>	<b>27.4</b>	<b>35.2</b>	<b>-</b>	<b>-100.0%</b>	<b>0.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3 452.9</b>	<b>3 747.1</b>	<b>3 781.6</b>	<b>4 509.0</b>	<b>9.3%</b>	<b>100.0%</b>	<b>4 866.5</b>	<b>5 187.9</b>	<b>5 478.2</b>	<b>6.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>11.3%</b>	<b>10.9%</b>	<b>10.0%</b>	<b>11.1%</b>			<b>11.4%</b>	<b>11.5%</b>	<b>11.4%</b>		

## Details of selected transfers and subsidies

Households											
<b>Social benefits</b>											
<b>Current</b>	<b>13.9</b>	<b>11.6</b>	<b>14.4</b>	<b>12.4</b>	<b>-3.7%</b>	<b>0.3%</b>	<b>12.7</b>	<b>14.2</b>	<b>14.2</b>	<b>4.6%</b>	<b>0.3%</b>
Employee social benefits	13.9	11.6	14.4	12.4	-3.7%	0.3%	12.7	14.2	14.2	4.6%	0.3%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>14.4</b>	<b>15.3</b>	<b>114.1</b>	<b>369.9</b>	<b>195.0%</b>	<b>3.3%</b>	<b>526.9</b>	<b>631.4</b>	<b>666.1</b>	<b>21.7%</b>	<b>10.9%</b>
Safety and security sector education and training authority	14.4	15.3	17.2	18.5	8.7%	0.4%	22.6	24.3	24.8	10.3%	0.5%
Military veterans management	-	-	97.0	351.4	-	2.9%	504.2	606.8	641.1	22.2%	10.5%
Communication	-	-	-	-	-	-	0.2	0.2	0.2	-	-
<b>Non-profit institutions</b>											
<b>Current</b>	<b>4.8</b>	<b>5.9</b>	<b>6.2</b>	<b>6.5</b>	<b>10.6%</b>	<b>0.2%</b>	<b>6.9</b>	<b>7.2</b>	<b>7.6</b>	<b>5.0%</b>	<b>0.1%</b>
Reserve Force Council	4.8	5.9	6.2	6.5	10.6%	0.2%	6.9	7.2	7.6	5.0%	0.1%

## Personnel information

Table 22.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
Salary level	4 082	-	-	3 892	1 274.5	0.3	3 807	1 464.6	0.4	4 082	1 550.2	0.4	4 024	1 619.0	0.4	4 024	1 730.4	0.4	1.9%	100.0%
1 - 6	1 639	-	-	1 642	319.1	0.2	1 455	302.7	0.2	1 639	342.3	0.2	1 620	309.1	0.2	1 620	312.2	0.2	3.6%	39.7%
7 - 10	1 793	-	-	1 795	634.4	0.4	1 743	654.5	0.4	1 793	675.4	0.4	1 770	609.6	0.3	1 770	615.8	0.3	0.5%	44.4%
11 - 12	511	-	-	325	208.6	0.6	469	352.3	0.8	511	386.5	0.8	504	574.5	1.1	504	675.3	1.3	2.4%	12.5%
13 - 16	137	-	-	128	110.4	0.9	138	151.4	1.1	137	142.3	1.0	128	122.4	1.0	128	123.7	1.0	-2.5%	3.3%
Other	2	-	-	2	2.0	1.0	2	3.7	1.9	2	3.7	1.9	2	3.4	1.7	2	3.4	1.7	-	0.1%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on developing comprehensive defence and military policy and strategy, and maintaining the administrative functions and services of the department. The bulk of the programme's allocation over the medium term is thus allocated to spending on compensation of employees and

in the *Office Accommodation* subprogramme, which is the largest in the programme and provides for accommodation charges, buildings leases and municipal rates.

The programme had a funded establishment of 4 082 posts, which is expected to decrease to 4 024 in 2016/17 as efforts are made to curtail spending on compensation of employees. There were 275 vacancies at the end of November 2013. However, expenditure on compensation of employees between 2013/14 and 2014/15 is projected to increase due to the establishment of the National Defence Force Service Commission and the office of the chief audit executive. The establishment of the commission will not have an effect on expenditure because funds for salaries of employees of the interim commission were previously allocated under goods and services. The establishment of the office of the chief audit executive is expected to increase expenditure in the *Inspection Services* subprogramme over the medium term. Spending on compensation of employees is expected to grow at an average annual rate of 5.7 per cent over the MTEF period, mainly to provide for inflationary adjustments.

Spending in the *Defence Foreign Relations* subprogramme increased between 2010/11 and 2013/14 to make up for the weakening foreign exchange rates. Its expenses are incurred in foreign currencies, such as the dollar, pound and euro. Spending in the *Legal Services* subprogramme over the same period increased due to the creation of an operational law structure to provide legal assistance during peace missions. In addition, the military ombud's office was also shifted from the *Ministry* subprogramme to this subprogramme in 2013/14. The significant increase projected in spending on property payments between 2012/13 and 2016/17 is due the reclassification of accommodation charges from contractors to property payments.

The *Military Veterans Management* subprogramme receives a Cabinet approved additional allocation of R2.1 billion between 2013/14 and 2016/17 to provide for military veterans' benefits. This is also the reason for the projected increase in spending on transfers and subsidies between 2013/14 and 2016/17.

## Programme 2: Force Employment

### Objectives

- Ensure successful joint force employment over the medium term by:
  - providing and employing 1 special operations capability in accordance with national requirements
  - ensuring full participation in the number of peace missions, as instructed by the president
  - conducting 25 joint, interdepartmental and multinational military force preparation exercises between 2014/15 and 2016/17, excluding special forces exercises
  - conducting 4 operations per year protecting the territorial integrity and sovereignty of South Africa, supporting other government departments and complying with international obligations on an ongoing basis.

### Subprogrammes

- *Strategic Direction* formulates and controls strategies, policies and plans for the employment of forces. Funding is based on the cost of operating a joint operations division headquarters. The joint operations division focuses on enhancing and maintaining comprehensive defence capabilities; promoting peace, stability and security in the region and continent; and supporting the people of South Africa in terms of the country's policies and international obligations for the promotion of peace, stability and security. In 2012/13 and 2013/14, the joint operations division in this subprogramme played an important role in the South African National Defence Force achieving the strategic military objective of promoting peace in Africa. This subprogramme had a staff complement of 142 in 2013/14.
- *Operational Direction* provides operational direction to joint and multinational task forces and joint tactical headquarters through an operational level headquarters. Funding is distributed according to the cost of running an operational headquarters and 9 tactical headquarters. In 2012/13, 10 command and control planning capabilities were maintained. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 515 in 2013/14.

- *Special Operations* provides and employs a special operations capability within the approved Special Forces mandate for the South African National Defence Force. Funding is distributed according to the number and size of units, systems, and equipment for operations, and maintenance requirements; and the number of Special Forces operations, force preparation exercises and training courses.
- *Regional Security* provides for the deployment of forces in support of South Africa's commitment to regional, continental and global security. Funding is distributed according to the number, size and duration of deployments, and the systems and equipment required for operations and maintenance. The South African National Defence Force participates in the United Nations (UN) peace support operation in the Democratic Republic of the Congo and the UN-African Union (AU) hybrid peace support operation in Sudan, provides training to the armed forces of the Central African Republic, and executes operations in support of the Mozambican Defence Force's counter piracy operations in the Mozambique channel. In 2012/13, the South African National Defence Force participated in 5 external operations. By the end of September 2013/14, the South African National Defence Force had participated in 3 external operations. The personnel involved are mostly provided by the 4 services of the South African National Defence Force: the army, navy, air force and military health service.
- *Support to the People* is discussed in more detail below.
- *Defence Capability Management* provides for the planning and control of joint, interdepartmental and multinational military force preparation exercises; development of the joint force employment command and control plan; and capability development management. Funding is distributed according to the need for exercise control equipment used in joint, interdepartmental and multinational military exercises, for contractual obligations in connection with the development of the joint force employment command and control plan, and for capability development. In 2012/13, 5 exercises were executed. In 2013/14, 5 of the planned 9 exercises took place. There were 4 cancellations.

## Expenditure estimates

**Table 22.7 Force Employment**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 -	2013/14				2013/14 -	2016/17
Strategic Direction	78.4	92.5	100.3	111.6	12.5%	3.5%	116.0	121.7	131.5	5.6%	3.3%
Operational Direction	228.1	236.5	258.1	274.9	6.4%	9.1%	242.8	237.2	253.8	-2.6%	7.0%
Special Operations	480.3	576.1	605.0	634.0	9.7%	20.9%	653.8	683.4	699.1	3.3%	18.4%
Regional Security	959.6	1 033.8	1 147.5	1 650.2	19.8%	43.7%	1 470.9	1 705.4	1 814.3	3.2%	45.8%
Support to the People	502.4	399.2	652.8	855.1	19.4%	22.0%	934.1	892.9	940.5	3.2%	25.0%
Defence Capability Management	16.6	20.5	17.3	30.1	21.9%	0.8%	19.3	15.9	16.2	-18.7%	0.6%
<b>Total</b>	<b>2 265.5</b>	<b>2 358.5</b>	<b>2 781.0</b>	<b>3 555.7</b>	<b>16.2%</b>	<b>100.0%</b>	<b>3 437.0</b>	<b>3 656.3</b>	<b>3 855.4</b>	<b>2.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				271.9			13.8	8.9	(23.7)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>2 011.5</b>	<b>2 037.2</b>	<b>2 404.9</b>	<b>3 167.0</b>	<b>16.3%</b>	<b>87.8%</b>	<b>2 957.9</b>	<b>3 169.8</b>	<b>3 394.1</b>	<b>2.3%</b>	<b>87.5%</b>
Compensation of employees	1 184.6	1 184.0	1 483.0	1 531.8	8.9%	49.1%	1 659.2	1 701.3	1 798.3	5.5%	46.1%
Goods and services	826.9	853.2	922.0	1 635.2	25.5%	38.7%	1 298.7	1 468.5	1 595.8	-0.8%	41.4%
of which:											
Computer services	3.2	6.1	8.6	3.1	-1.4%	0.2%	5.3	5.5	5.2	18.7%	0.1%
Contractors	170.6	151.9	139.6	499.1	43.0%	8.8%	461.6	592.1	691.9	11.5%	15.5%
Inventory: Food and food supplies	81.0	81.2	102.4	78.9	-0.9%	3.1%	97.6	103.3	109.6	11.6%	2.7%
Property payments	0.8	0.6	14.7	14.5	165.5%	0.3%	19.6	15.4	16.2	3.6%	0.5%
<b>Transfers and subsidies</b>	<b>139.2</b>	<b>202.8</b>	<b>166.1</b>	<b>172.1</b>	<b>7.3%</b>	<b>6.2%</b>	<b>293.4</b>	<b>308.5</b>	<b>315.9</b>	<b>22.4%</b>	<b>7.5%</b>
Departmental agencies and accounts	129.4	186.9	150.6	149.1	4.9%	5.6%	277.7	292.8	300.2	26.3%	7.0%
Public corporations and private enterprises	4.0	11.7	12.6	13.3	49.4%	0.4%	8.0	8.0	8.0	-15.5%	0.3%
Households	5.8	4.2	2.9	9.7	18.7%	0.2%	7.7	7.7	7.7	-7.5%	0.2%
<b>Payments for capital assets</b>	<b>114.7</b>	<b>118.5</b>	<b>209.8</b>	<b>216.6</b>	<b>23.6%</b>	<b>6.0%</b>	<b>185.6</b>	<b>178.1</b>	<b>145.4</b>	<b>-12.4%</b>	<b>5.0%</b>
Buildings and other fixed structures	5.6	3.2	39.8	0.8	-47.6%	0.4%	0.8	0.2	0.2	-37.9%	-
Machinery and equipment	105.6	115.3	170.0	214.5	26.6%	5.5%	183.8	176.8	144.0	-12.4%	5.0%
Specialised military assets	3.5	-	0.1	1.3	-27.6%	-	1.1	1.1	1.2	-3.6%	-
<b>Total</b>	<b>2 265.5</b>	<b>2 358.5</b>	<b>2 781.0</b>	<b>3 555.7</b>	<b>16.2%</b>	<b>100.0%</b>	<b>3 437.0</b>	<b>3 656.3</b>	<b>3 855.4</b>	<b>2.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>7.4%</b>	<b>6.9%</b>	<b>7.4%</b>	<b>8.7%</b>			<b>8.0%</b>	<b>8.1%</b>	<b>8.0%</b>		

**Table 22.7 Force Employment**

Details of selected transfers and subsidies				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome			2013/14				2010/11 - 2013/14	2014/15	2015/16		
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17	
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	5.8	4.2	2.9	9.7	18.7%	0.2%	7.7	7.7	7.7	-7.5%	0.2%
Employee social benefits	5.8	4.2	2.9	9.7	18.7%	0.2%	7.7	7.7	7.7	-7.5%	0.2%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	129.4	186.9	150.6	149.1	4.9%	5.6%	277.7	292.8	300.2	26.3%	7.0%
Communication	-	-	-	-	-	-	0.9	0.9	0.9	-	-
Special defence account	129.4	186.9	150.6	149.1	4.9%	5.6%	276.9	291.9	299.3	26.1%	7.0%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	4.0	11.7	12.6	13.3	49.4%	0.4%	8.0	8.0	8.0	-15.5%	0.3%
Armaments Corporation of South Africa	4.0	11.7	12.6	13.3	49.4%	0.4%	8.0	8.0	8.0	-15.5%	0.3%

## Personnel information

**Table 22.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Force Employment	Number of posts estimated for 31 March 2014	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		2013/14 - 2016/17
				Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost	
<b>Salary level</b>	1 919	-		1 939	1 483.0	0.8	1 967	1 531.8	0.8	1 919	1 659.2	0.9	1 776	1 701.3	1.0	1 776	1 798.3	1.0	-3.3%	100.0%
1 - 6	1 025	-		979	494.7	0.5	1 002	506.5	0.5	1 025	564.1	0.6	938	490.4	0.5	938	491.9	0.5	-2.2%	52.5%
7 - 10	806	-		876	817.2	0.9	878	817.5	0.9	806	892.2	1.1	751	1 019.9	1.4	751	1 116.2	1.5	-5.1%	42.8%
11 - 12	70	-		67	127.7	1.9	70	159.9	2.3	70	148.8	2.1	69	139.7	2.0	69	139.1	2.0	-0.5%	3.7%
13 - 16	18	-		17	43.3	2.5	17	48.0	2.8	18	54.1	3.0	18	51.3	2.9	18	51.1	2.8	1.9%	1.0%

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

<sup>2</sup>. Rand million.

## Expenditure trends

The spending focus over the medium term will be on conducting foreign peace support, border safeguarding, and antipiracy operations. These activities are conducted in the *Regional Security* and *Support to the People* subprogrammes. The latter subprogramme is discussed in further detail below. In 2013/14, the president approved new peace support operations for the Democratic Republic of the Congo and Central African Republic. An additional R150 million has been allocated over the medium term to the South African National Defence Force for the deployment of members as part of the United Nations Security Council approved force intervention brigade in the Democratic Republic of the Congo. The programme had a funded and filled establishment of 1 919 posts at the end of November 2013. Personnel numbers are expected to decrease to 1 776 in 2016/17 as efforts continue to be made to curtail personnel expenditure.

The projected growth in expenditure on goods and services and operating payments over the MTEF period is due to an expected increase in the number of peace support operations, designed to improve border security, and charter flights to deployment areas.

### Subprogramme: Support to the People

This subprogramme provides for the internal deployment of forces for border safeguarding and the support of the South African Police Service and other government departments. The South African National Defence Force is responsible for safeguarding landward borders and conducting search and rescue missions, and also provides assistance during disaster situations. In 2012/13, 11 landward sub-units were deployed on the borders. In 2013/14, 13 sub-units and 2 580 South African National Defence Force members were deployed. There was also a 100 per cent compliance with the number of authorised ordered commitments in respect of safety and security support, disaster aid and relief, and search and rescue operations.

## Expenditure estimates

**Table 22.9 Support to the People**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
<b>Current payments</b>	<b>455.1</b>	<b>339.3</b>	<b>505.8</b>	<b>773.8</b>	<b>19.4%</b>	<b>86.1%</b>	<b>836.2</b>	<b>877.6</b>	<b>924.6</b>	<b>6.1%</b>	<b>94.2%</b>
Compensation of employees	258.7	150.3	305.7	422.4	17.7%	47.2%	474.0	500.3	530.7	7.9%	53.2%
Goods and services	196.4	189.0	200.1	351.4	21.4%	38.9%	362.2	377.3	393.9	3.9%	41.0%
of which:											
Computer services	0.0	3.5	4.5	0.1	37.8%	0.3%	0.0	0.0	0.0	-20.2%	-
Contractors	20.3	79.8	47.7	200.7	114.8%	14.5%	224.5	235.9	243.9	6.7%	25.0%
Inventory: Food and food supplies	44.0	40.6	69.4	57.5	9.3%	8.8%	66.0	69.3	73.6	8.6%	7.4%
Property payments	0.2	0.1	4.7	5.6	182.2%	0.4%	3.7	3.0	3.2	-17.1%	0.4%
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>-</b>	<b>-</b>
Departmental agencies and accounts	-	-	-	-	-	-	0.2	0.2	0.2	-	-
<b>Payments for capital assets</b>	<b>47.2</b>	<b>59.9</b>	<b>147.1</b>	<b>81.2</b>	<b>19.8%</b>	<b>13.9%</b>	<b>97.7</b>	<b>15.1</b>	<b>15.8</b>	<b>-42.1%</b>	<b>5.8%</b>
Buildings and other fixed structures	0.0	0.1	39.8	-	-100.0%	1.7%	-	-	-	-	-
Machinery and equipment	47.2	59.7	107.3	81.2	19.8%	12.3%	97.7	15.1	15.8	-42.1%	5.8%
<b>Total</b>	<b>502.4</b>	<b>399.2</b>	<b>652.8</b>	<b>855.1</b>	<b>19.4%</b>	<b>100.0%</b>	<b>934.1</b>	<b>892.9</b>	<b>940.5</b>	<b>3.2%</b>	<b>100.0%</b>
Proportion of total subprogramme expenditure to programme expenditure	22.2%	16.9%	23.5%	24.0%			27.2%	24.4%	24.4%		

## Personnel information

**Table 22.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number						
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
2012/13			Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost	2016/17				Unit Cost		
Support to the People			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	-	-	66	305.7	4.6	66	422.4	6.4	66	474.0	7.2	66	500.3	7.6	66	530.7	8.0	-	100.0%
1-6	-	-	-	-	-	-	-	-	66	474.0	7.2	66	500.3	7.6	66	530.7	8.0	-	75.0%
Other	-	-	66	305.7	4.6	66	422.4	6.4	-	-	-	-	-	-	-	-	-	-100.0%	25.0%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on border safeguarding and providing assistance during emergencies and national disasters. While the South African National Defence Force members deployed in support of internal and border safeguarding operations are funded by all the programmes, the spending on compensation of reserve force members and on those members stationed at border bases falls within the ambit of this subprogramme. Between 2012/13 and 2016/17, expenditure on compensation of employees and related goods and services for equipment, spares and transport increases significantly due to safeguarding operations on South African borders. The projected increase in expenditure on contractors between 2013/14 and 2016/17 is for the installation of communication platforms and systems at border bases and vehicle maintenance.

## Programme 3: Landward Defence

### Objectives

- Defend and protect South Africa and its territory over the medium term by:
  - providing 1 infantry capability, including Chief of the South African National Defence Reaction Force, for external deployment and for internal safety and security including border safeguarding
  - exercising 1 tank and armoured car capability and providing 1 squadron for internal deployment per year
  - exercising 1 composite artillery capability and providing 1 battery for internal deployment per year

- exercising 1 air defence artillery capability and providing 1 battery for internal deployment per year
- providing a sustained composite engineer capability for external deployment, as well as for internal safety and security, and exercising 1 field engineer capability per year
- providing 1 signal capability for external deployment and for internal signal support and exercising 1 composite signal capability per year.

## Subprogrammes

- *Strategic Direction* directs, orchestrates and controls the South African Army in achieving its mission to prepare and provide supported landward capabilities for the defence and protection of South Africa. Funding is based on the costs of operating the South African Army headquarters and managing centralised funds for scarce commodities and specialist services. In 2012/13, the South African Army prepared forces for combat by conducting 708 learning programmes and managing 192 units. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 750 in 2013/14.
- *Infantry Capability* provides combat ready infantry capabilities through training, preparing, exercising and supporting mechanised, motorised, specialised and airborne infantry units. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. In 2012/13, 41 battalions were maintained. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 16 202 in 2013/14.
- *Armour Capability* provides combat ready armour capabilities through training, preparing, exercising and supporting tank and armoured car units. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. In 2012/13, 9 regiments were maintained. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 1 375 in 2013/14.
- *Artillery Capability* provides combat ready artillery capabilities through training, preparing, exercising and supporting composite and light artillery units. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. In 2012/13, 7 regiments were maintained. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 1 447 in 2013/14.
- *Air Defence Artillery Capability* provides combat ready air defence artillery capabilities through training, preparing, exercising and supporting air defence artillery units. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. In 2012/13, 5 regiments were maintained. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 1 035 in 2013/14.
- *Engineering Capability* provides combat ready engineering capabilities to ensure mobility and establish infrastructure during exercises and deployments. This entails training, preparing, exercising and supporting field and construction engineer units. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. In 2012/13, 9 battalions were maintained. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 2 395 in 2013/14.
- *Operational Intelligence* provides combat ready operational intelligence capabilities to enable successful planning and execution of operations. This entails training, preparing, exercising and supporting intelligence units. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. In 2012/13, 2 units were under command and provided intelligence members for deployment as part of border safeguarding operations. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 676 in 2013/14.
- *Command and Control Capability* provides combat ready tactical command and control capabilities for integrated forces during force preparation and force employment. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the

number of force preparation exercises and training courses. In 2012/13, 2 brigades were used to support exercises during formal and force training; and operational planning support was provided to the joint operations division. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 480 in 2013/14.

- *Support Capability* provides first, second and fourth line support capabilities to units and bases, and ensures support to deployed combat units through training, preparing, exercising and supporting first and second line maintenance units and workshops. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. In 2012/13, external operations were mainly supported through second line units that consist of 2 maintenance units and 2 workshops. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 9 242 in 2013/14.
- *General Training Capability* provides general training capabilities through basic military training, junior leader training, common landward training, and command and management training at the training depot and decentralised units, the South African Army Gymnasium, the combat training centre and the South African Army College. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. 4 216 members were trained in 2012/13 and 996 had been trained by the end of September 2013/14. This subprogramme had a staff complement of 1 652 in 2013/14.
- *Signal Capability* provides combat ready signal capabilities to ensure command, control and communications during exercises and deployments. This entails training, preparing, exercising and supporting signal units. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. In 2012/13, 24 signal units were maintained. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 3 983 in 2013/14.

## Expenditure estimates

**Table 22.11 Landward Defence**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Strategic Direction	526.1	351.4	372.0	390.5	-9.5%	3.5%	392.2	409.3	557.0	12.6%	3.0%
Infantry Capability	3 392.3	3 360.8	3 826.3	4 573.9	10.5%	32.8%	5 163.1	5 801.8	6 250.2	11.0%	37.6%
Armour Capability	296.8	305.8	346.8	368.7	7.5%	2.9%	378.7	411.9	448.7	6.8%	2.8%
Artillery Capability	317.6	374.9	481.5	388.6	7.0%	3.4%	431.6	474.0	504.4	9.1%	3.1%
Air Defence Artillery Capability	212.1	378.0	590.9	425.4	26.1%	3.5%	482.1	475.9	436.3	0.9%	3.1%
Engineering Capability	489.4	509.0	564.0	592.0	6.6%	4.7%	612.0	655.5	705.6	6.0%	4.4%
Operational Intelligence	229.6	178.7	233.9	182.4	-7.4%	1.8%	187.1	201.5	223.1	6.9%	1.4%
Command and Control Capability	130.8	141.0	158.7	168.4	8.8%	1.3%	174.7	186.3	197.9	5.5%	1.3%
Support Capability	2 532.9	4 176.7	4 415.5	5 067.5	26.0%	35.0%	4 557.8	4 668.4	4 645.4	-2.9%	32.7%
General Training Capability	355.2	323.3	347.6	426.6	6.3%	3.1%	393.8	417.9	438.8	0.9%	2.9%
Signal Capability	812.7	862.7	1 030.6	1 020.8	7.9%	8.1%	1 081.8	1 150.1	1 232.8	6.5%	7.7%
<b>Total</b>	<b>9 295.6</b>	<b>10 962.2</b>	<b>12 367.9</b>	<b>13 604.9</b>	<b>13.5%</b>	<b>100.0%</b>	<b>13 854.9</b>	<b>14 852.6</b>	<b>15 640.2</b>	<b>4.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(249.0)			(138.0)	(292.9)	(508.6)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>8 568.1</b>	<b>8 867.2</b>	<b>9 762.5</b>	<b>10 918.8</b>	<b>8.4%</b>	<b>82.4%</b>	<b>11 550.3</b>	<b>12 335.6</b>	<b>13 268.4</b>	<b>6.7%</b>	<b>83.0%</b>
Compensation of employees	7 291.0	7 538.0	8 387.3	9 151.4	7.9%	70.0%	9 505.6	10 274.2	11 170.1	6.9%	69.2%
Goods and services	1 277.0	1 329.2	1 375.2	1 767.4	11.4%	12.4%	2 044.6	2 061.4	2 098.3	5.9%	13.8%
of which:											
Computer services	94.3	76.3	72.0	89.0	-1.9%	0.7%	81.2	81.5	83.8	-2.0%	0.6%
Contractors	193.4	213.8	174.4	224.3	5.1%	1.7%	437.1	389.7	394.6	20.7%	2.5%
Inventory: Food and food supplies	380.9	383.0	385.0	494.1	9.1%	3.6%	426.0	440.1	471.3	-1.6%	3.2%
Property payments	4.1	4.5	67.5	64.9	150.9%	0.3%	65.3	66.8	75.2	5.1%	0.5%

Table 22.11 Landward Defence

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Transfers and subsidies</b>	<b>496.6</b>	<b>1 795.9</b>	<b>2 045.5</b>	<b>2 482.7</b>	<b>71.0%</b>	<b>14.8%</b>	<b>2 217.0</b>	<b>2 390.5</b>	<b>2 284.5</b>	<b>-2.7%</b>	<b>16.2%</b>	
Departmental agencies and accounts	414.4	1 710.7	1 955.3	2 391.5	79.4%	14.0%	2 142.7	2 364.8	2 259.9	-1.9%	15.8%	
Public corporations and private enterprises	39.0	51.3	53.6	54.4	11.8%	0.4%	49.7	-	-	-100.0%	0.2%	
Households	43.3	34.0	36.6	36.7	-5.3%	0.3%	24.6	25.7	24.6	-12.5%	0.2%	
<b>Payments for capital assets</b>	<b>226.6</b>	<b>295.1</b>	<b>557.1</b>	<b>203.4</b>	<b>-3.5%</b>	<b>2.8%</b>	<b>87.6</b>	<b>126.5</b>	<b>87.3</b>	<b>-24.6%</b>	<b>0.9%</b>	
Buildings and other fixed structures	0.2	1.8	1.0	-	-100.0%	-	-	-	0.0	-	-	
Machinery and equipment	225.6	292.7	531.5	198.4	-4.2%	2.7%	67.6	96.8	54.6	-35.0%	0.7%	
Specialised military assets	0.8	-	20.6	4.8	82.1%	0.1%	20.0	29.7	32.7	89.5%	0.2%	
Biological assets	-	0.6	4.0	0.2	-	-	-	-	-	-100.0%	-	
<b>Payments for financial assets</b>	<b>4.3</b>	<b>4.0</b>	<b>2.9</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>9 295.6</b>	<b>10 962.2</b>	<b>12 367.9</b>	<b>13 604.9</b>	<b>13.5%</b>	<b>100.0%</b>	<b>13 854.9</b>	<b>14 852.6</b>	<b>15 640.2</b>	<b>4.8%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>30.5%</b>	<b>31.9%</b>	<b>32.8%</b>	<b>33.5%</b>			<b>32.3%</b>	<b>32.8%</b>	<b>32.5%</b>			

## Details of selected transfers and subsidies

<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>43.3</b>	<b>34.0</b>	<b>36.6</b>	<b>36.7</b>	<b>-5.3%</b>	<b>0.3%</b>	<b>24.6</b>	<b>25.7</b>	<b>24.6</b>	<b>-12.5%</b>	<b>0.2%</b>
Employee social benefits	43.3	34.0	36.6	36.7	-5.3%	0.3%	24.6	25.7	24.6	-12.5%	0.2%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>414.4</b>	<b>1 710.7</b>	<b>1 955.3</b>	<b>2 391.5</b>	<b>79.4%</b>	<b>14.0%</b>	<b>2 142.7</b>	<b>2 364.8</b>	<b>2 259.9</b>	<b>-1.9%</b>	<b>15.8%</b>
Communication	-	-	-	41.9	-	0.1%	0.2	0.2	0.2	-82.9%	0.1%
Special defence account	414.4	1 710.7	1 955.3	2 349.6	78.3%	13.9%	2 142.4	2 364.6	2 259.6	-1.3%	15.7%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>39.0</b>	<b>51.3</b>	<b>53.6</b>	<b>54.4</b>	<b>11.8%</b>	<b>0.4%</b>	<b>49.7</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.2%</b>
Armaments Corporation of South Africa	39.0	51.3	53.6	54.4	11.8%	0.4%	49.7	-	-	-100.0%	0.2%

## Personnel information

Table 22.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Landward Defence	Salary level	Number of posts estimated for 31 March 2014	Number of posts funded	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
					Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
					2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost
					Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost	
		39 331	-	-	39 642	8 387.3	0.2	39 237	9 151.4	0.2	39 332	9 505.6	0.2	40 100	10 274.2	0.3	41 158	11 170.1	0.3	1.6%	100.0%
	1-6	30 891	-	-	31 347	5 536.3	0.2	30 695	5 995.5	0.2	30 892	6 296.9	0.2	31 541	7 295.3	0.2	32 823	8 193.5	0.2	2.3%	78.8%
	7-10	8 257	-	-	8 094	2 698.5	0.3	8 335	2 997.4	0.4	8 257	3 063.2	0.4	8 376	2 845.4	0.3	8 138	2 828.1	0.3	-0.8%	20.7%
	11-12	151	-	-	165	117.5	0.7	172	122.3	0.7	151	110.8	0.7	151	101.7	0.7	162	113.5	0.7	-2.0%	0.4%
	13-16	32	-	-	36	35.0	1.0	35	36.3	1.0	32	34.7	1.1	32	31.8	1.0	35	35.0	1.0	-	0.1%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on preparing and providing forces for increased internal and external deployments, according to government requirements, and border safeguarding operations. In this regard, the South African Army will continue to train and prepare its forces to comply with strategic military objectives. The *Infantry Capability* and *Support Capability* subprogrammes are responsible for providing prepared forces and support services for deployments and are therefore the largest spending subprogrammes over the medium term. Due to the labour intensive nature of the programme, 68.6 per cent of the budget in 2014/15 is allocated to spending on compensation of employees. Personnel numbers are expected to increase from 39 237 in 2013/14 to 41 158 in 2016/17 to rejuvenate the landward forces and to provide mission ready

forces for operational deployment. Landward defence assets and equipment will be maintained and managed to support deployments, and conventional landward defence capabilities will also be maintained. The programme had 94 vacancies at the end of November 2013.

Over the medium term, the budget allocated to this programme also provides for increased maintenance requirements of the South African Army's ageing operational vehicle fleet, the modernisation of landward defence equipment and the procurement of critical ammunition. Expenditure on goods and services will therefore increase between 2013/14 and 2016/17 to provide for spares and the maintenance of vehicles, equipment, and the development of systems. This is also the reason for the projected increase in spending on contractors. R6.8 billion is allocated to transfers to departmental agencies and accounts over the medium term for the acquisition of new infantry vehicles, military support systems and equipment.

## Programme 4: Air Defence

### Objectives

- Defend and protect South Africa and its airspace over the medium term by providing:
  - 4 helicopter squadrons and 1 combat support helicopter squadron per year
  - 3 medium transport squadrons, which will include 1 VIP squadron, 1 maritime and transport squadron, 1 light transport squadron and 9 reserve squadrons per year
  - 1 air combat squadron per year
  - 24 hour air command and control capability.

### Subprogrammes

- *Strategic Direction* provides strategic direction to the programme by formulating and controlling strategies, policies and plans through the air force office to prepare and provide the capabilities required by the chief of the South African National Defence Force. Funding is based on the cost of operating the air defence headquarters. The air force provides support by executing flights during border safeguarding tasks, authorised safety and security support commitments, disaster aid and disaster relief ordered commitments, and authorised search and rescue commitments. In 2012/13, 20 policies were formulated. In 2013/14, 7 policies were formulated and the capability was maintained as required. This subprogramme had a staff complement of 38 in 2013/14.
- *Operational Direction* provides operational direction to the programme by means of an air command. Funding is based on the cost of operating the air command. The air force ensures that the daily availability targets for aircraft are met and that planned flying hours are flown. In 2012/13, the objectives in respect of the number of flying hours and aircraft available were issued to all units. 12 reports were received from each unit on their achievement of the objectives. In 2013/14, the capability was maintained as required.
- *Helicopter Capability* provides and sustains operationally ready light utility helicopters, medium transport helicopters and combat support helicopters crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. In 2012/13, 5 squadrons were maintained. The capability was maintained as required in 2013/14. This subprogramme had a staff complement of 519 in 2013/14.
- *Transport and Maritime Capability* provides and sustains operationally ready transport and maritime aircraft crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. In 2012/13, 15 squadrons were maintained. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 403 in 2013/14.
- *Air Combat Capability* provides and sustains operationally ready fighter aircraft crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. In 2012/13, 1 combat squadron was maintained. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 181 in 2013/14.

- *Operational Support and Intelligence Capability* prepares, develops, provides and supports protection, intelligence systems and counter intelligence support to the South African Air Force through protection squadrons, intelligence subsystems and intelligence training unique to the air force. Funding is distributed according to the number and size of squadrons, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses.
- *Command and Control Capability* supplies and maintains operationally ready command and control elements in support of air battle space operations. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. The air force and the Air Traffic and Navigation Services Company deploy and integrate a network of radar, observation posts and electronic warfare sensors across the country to detect and monitor compliance with published restrictions, and to monitor and control the South African National Defence Force's air traffic. In 2012/13, the availability of 2 control centres, air defence radars, and 7 mission ready air traffic service units was an average of 98 per cent. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 511 in 2013/14.
- *Base Support Capability* provides air base infrastructure facilities to squadrons and resident units on bases, including the maintenance of all relevant systems and personnel, to support flying operations. Funding is distributed according to the number and size of air force bases and units, systems and operating equipment requirements, maintenance requirements, and the number of training courses. In 2012/13, 8 air bases and 1 air station was maintained. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 5 442 in 2013/14.
- *Command Post* renders command and control over all missions flown. Funding is distributed according to the number and size of command posts and deployments, and readiness and aircraft chartering requirements. In 2012/13, all air missions were tasked as per operational requirements, along with 86 chartering requirements. In 2012/13, 71 chartering requirements were fulfilled. 1 chartering requirement was fulfilled in 2013/14. This subprogramme had a staff complement of 108 in 2013/14.
- *Training Capability* provides for the general education, training and development of air force personnel. Funding is distributed according to the number and size of units, systems and operating equipment requirements, maintenance requirements, and the number of force preparation exercises and training courses. 1 966 South African National Defence Force members were trained in 2012/13, and a further 507 had been trained by the end of September 2013. This subprogramme had a staff complement of 382 in 2013/14.
- *Technical Support Services* establishes, maintains and prepares optimised technical and tactical logistic support capabilities to provide support to system groups and manage air service units. Funding is distributed according to the number and size of units, systems and equipment operating requirements, maintenance requirements, and contracted human resources and product system requirements. In 2012/13 and 2013/14, the technical support services unit expanded the inhouse maintenance capability of the air servicing units through increased training of technical personnel, skills transfers and the upgrade and proper maintenance of workshop equipment. This subprogramme had a staff complement of 2 231 in 2013/14.

## Expenditure estimates

Table 22.13 Air Defence

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Strategic Direction	17.6	14.2	19.6	19.5	3.5%	0.3%	16.7	17.3	18.5	-1.8%	0.3%
Operational Direction	131.5	209.7	236.7	156.9	6.1%	3.0%	137.3	154.5	152.1	-1.0%	2.2%
Helicopter Capability	780.4	895.7	872.4	857.0	3.2%	13.7%	737.0	806.3	915.5	2.2%	12.0%
Transport and Maritime Capability	624.1	555.3	551.9	578.5	-2.5%	9.3%	1 861.1	1 327.2	822.3	12.4%	16.7%
Air Combat Capability	763.2	1 352.2	1 594.1	845.2	3.5%	18.4%	1 148.6	1 341.5	1 144.9	10.6%	16.3%
Operational Support and Intelligence Capability	258.4	320.4	463.4	307.4	6.0%	5.4%	265.4	265.1	287.5	-2.2%	4.1%
Command and Control Capability	305.7	375.9	470.2	268.6	-4.2%	5.7%	442.5	884.5	1 097.5	59.9%	9.8%
Base Support Capability	1 370.0	1 494.9	1 664.5	1 605.0	5.4%	24.7%	1 785.3	1 838.1	1 940.1	6.5%	26.0%
Command Post	50.1	16.4	51.1	48.9	-0.8%	0.7%	50.6	52.6	58.4	6.1%	0.8%
Training Capability	583.5	450.7	213.2	182.7	-32.1%	5.8%	206.8	218.4	209.6	4.7%	3.0%
Technical Support Services	604.7	842.3	937.7	844.9	11.8%	13.0%	515.5	523.1	563.1	-12.6%	8.9%
<b>Total</b>	<b>5 489.1</b>	<b>6 527.7</b>	<b>7 074.9</b>	<b>5 714.4</b>	<b>1.4%</b>	<b>100.0%</b>	<b>7 166.9</b>	<b>7 428.8</b>	<b>7 209.7</b>	<b>8.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(535.8)			(43.4)	(54.9)	(731.8)		

## Economic classification

<b>Current payments</b>	<b>4 041.0</b>	<b>4 599.3</b>	<b>5 127.7</b>	<b>4 876.5</b>	<b>6.5%</b>	<b>75.2%</b>	<b>5 034.0</b>	<b>5 270.2</b>	<b>5 787.4</b>	<b>5.9%</b>	<b>76.2%</b>
Compensation of employees	2 350.1	2 497.1	2 791.0	2 912.2	7.4%	42.5%	2 983.2	3 035.0	3 240.6	3.6%	44.2%
Goods and services	1 690.9	2 102.1	2 336.7	1 964.3	5.1%	32.6%	2 050.8	2 235.2	2 546.8	9.0%	32.0%
<i>of which:</i>											
Computer services	22.4	39.7	32.4	30.6	10.9%	0.5%	61.6	59.9	90.4	43.6%	0.9%
Contractors	854.7	1 130.4	1 301.8	768.1	-3.5%	16.3%	1 215.9	1 372.3	1 598.9	27.7%	18.0%
Inventory: Food and food supplies	84.4	75.5	74.0	3.2	-66.4%	1.0%	74.7	72.3	67.6	176.2%	0.8%
Property payments	2.8	3.1	33.0	11.3	59.0%	0.2%	12.0	13.7	13.9	7.3%	0.2%
<b>Transfers and subsidies</b>	<b>1 400.5</b>	<b>1 869.6</b>	<b>1 781.0</b>	<b>823.4</b>	<b>-16.2%</b>	<b>23.7%</b>	<b>2 129.1</b>	<b>2 154.5</b>	<b>1 418.3</b>	<b>19.9%</b>	<b>23.7%</b>
Departmental agencies and accounts	1 384.0	1 852.6	1 765.5	806.1	-16.5%	23.4%	2 111.5	2 136.9	1 400.4	20.2%	23.5%
Public corporations and private enterprises	2.1	2.9	2.3	-	-100.0%	-	-	-	-	-	-
Households	14.4	14.2	13.2	17.3	6.3%	0.2%	17.6	17.7	17.9	1.1%	0.3%
<b>Payments for capital assets</b>	<b>42.2</b>	<b>58.4</b>	<b>165.4</b>	<b>14.5</b>	<b>-29.9%</b>	<b>1.1%</b>	<b>3.8</b>	<b>4.0</b>	<b>4.0</b>	<b>-35.1%</b>	<b>0.1%</b>
Buildings and other fixed structures	0.0	0.1	0.1	-	-100.0%	-	-	-	-	-	-
Machinery and equipment	39.3	58.3	164.1	6.4	-45.3%	1.1%	3.8	4.0	4.0	-14.8%	0.1%
Specialised military assets	2.8	-	1.3	8.1	42.8%	-	-	-	-	-100.0%	-
Software and other intangible assets	0.1	-	-	-	-100.0%	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>5.4</b>	<b>0.4</b>	<b>0.9</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>5 489.1</b>	<b>6 527.7</b>	<b>7 074.9</b>	<b>5 714.4</b>	<b>1.4%</b>	<b>100.0%</b>	<b>7 166.9</b>	<b>7 428.8</b>	<b>7 209.7</b>	<b>8.1%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>18.0%</b>	<b>19.0%</b>	<b>18.8%</b>	<b>14.1%</b>			<b>16.7%</b>	<b>16.4%</b>	<b>15.0%</b>		

## Details of selected transfers and subsidies

<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>14.4</b>	<b>14.2</b>	<b>13.2</b>	<b>17.3</b>	<b>6.3%</b>	<b>0.2%</b>	<b>17.6</b>	<b>17.7</b>	<b>17.9</b>	<b>1.1%</b>	<b>0.3%</b>
Employee social benefits	14.4	14.2	13.2	17.3	6.3%	0.2%	17.6	17.7	17.9	1.1%	0.3%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>1 384.0</b>	<b>1 852.6</b>	<b>1 765.5</b>	<b>806.1</b>	<b>-16.5%</b>	<b>23.4%</b>	<b>2 111.5</b>	<b>2 136.9</b>	<b>1 400.4</b>	<b>20.2%</b>	<b>23.5%</b>
Special defence account	1 384.0	1 852.6	1 765.5	806.1	-16.5%	23.4%	2 111.4	2 136.8	1 400.3	20.2%	23.5%

## Personnel information

**Table 22.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
<b>Air Defence</b>																			
Salary level	9 831	–	11 269	2 791.0	0.2	10 924	2 912.2	0.3	10 898	2 983.2	0.3	10 288	3 035.0	0.3	9 989	3 240.6	0.3	-2.9%	100.0%
1–6	6 062	–	7 247	1 285.0	0.2	6 876	1 271.3	0.2	7 006	1 299.8	0.2	6 663	1 135.7	0.2	6 364	1 121.0	0.2	-2.5%	63.9%
7–10	3 601	–	3 884	1 384.2	0.4	3 881	1 470.6	0.4	3 724	1 544.2	0.4	3 465	1 776.5	0.5	3 465	1 994.4	0.6	-3.7%	34.5%
11–12	141	–	110	90.7	0.8	141	135.4	1.0	141	107.2	0.8	134	94.2	0.7	134	96.1	0.7	-1.7%	1.3%
13–16	27	–	28	31.0	1.1	26	35.0	1.3	27	32.0	1.2	26	28.6	1.1	26	29.1	1.1	–	0.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on creating capacity to supply and support prepared forces, integrate new air defence equipment and systems, and prepare deployable air systems. Because of an increase in deployments and presidential commitments, R341.9 million was reprioritised from the special defence account over the medium term to improve the South African Air Force's operational capability. This has resulted in an increase in spending over the MTEF period in the *Helicopter Capability and Transport* and *Maritime Capability* subprogrammes.

The projected decrease in expenditure in the *Transport and Maritime Capability* subprogramme in 2016/17 is due to the expected finalisation of the acquisition of a maritime surveillance aircraft in 2015/16. This is also the reason for the projected decrease in transfer payments over the medium term. Personnel numbers are expected to decrease to 9 989 in 2016/17 in an effort to curtail personnel expenditure. As a result, spending on compensation of employees is expected to grow at an average annual rate of 3.6 per cent over this period. There were no vacancies in this programme at the end of November 2013.

Expenditure on goods and services is projected to increase at an average annual rate of 9 per cent over the medium term due to an increase in operational activities, particularly aircraft maintenance. This is a specialised function that is performed by contractors, which also explains the projected 27.7 per cent increase in spending on this item over the medium term.

Between 2011/12 and 2013/14, expenditure on transfers and subsidies decreased, mainly due to the expected finalisation of the strategic defence procurement programme in 2014/15. This is also the reason for the decrease in expenditure in the *Air Combat Capability* subprogramme in 2013/14. The allocation to transfers to departmental agencies and accounts over the medium term provides for the development of missiles, an aircraft rescue and fire fighting vehicle and the upgrading of helicopters.

## Programme 5: Maritime Defence

### Objectives

- Defend and protect South Africa and its maritime zones over the medium term by providing:
  - a surface combat capability of 3 frigates, 1 combat support vessel, 2 offshore patrol vessels and 3 inshore patrol vessels in each annual operational cycle
  - a subsurface combat capability of 2 submarines in each annual operational cycle
  - a mine warfare capability of 2 vessels in each annual operational cycle to ensure safe access to South African harbours and mine clearance where required
  - a maritime reaction squadron capability, comprising an operational boat division, an operational diving division and a naval reaction division, in each annual operational cycle
  - a hydrographic survey capability to ensure safe navigation by charting areas and to meet international obligations.

## Subprogrammes

- *Maritime Direction* provides strategic direction for the programme by formulating and controlling strategies, policies, plans and advice to prepare and provide maritime defence capabilities. Funding is distributed based on the cost of operating the naval headquarters. In 2012/13, 5 policies were distributed, 6 naval orders were promulgated and 8 were registered. In 2013/14, 2 policies were distributed, 7 naval orders were promulgated and 5 naval orders were registered. This subprogramme had a staff complement of 1 313 in 2013/14.
- *Maritime Combat Capability* provides mission ready and supported maritime combat capabilities in accordance with the approved force design of the department. Funding is distributed according to the number and size of units, the number of maritime combat force preparation exercises carried out and the number of force employment operations executed. In 2012/13, 15 vessels were maintained. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 1 627 in 2013/14.
- *Maritime Logistic Support Capability* sustains the availability of the force structure elements in the naval force design to ensure compliance with ordered operational commitments. Funding is distributed according to the number and size of units, the use and maintenance of support systems and equipment, and the provision of product systems. In 2012/13, the navy provided direction in the compilation of lower level logistics plans, whereby compliance to policy and strategic intent were ensured, and fully supported mission ready products and systems were available for operations. In 2013/14, the capability was maintained as required. In addition, a procurement centre in the fleet command was nearing completion. This subprogramme had a staff complement of 602 in 2013/14.
- *Maritime Human Resources and Training Capability* ensures that the maritime combat and support capability requirements are met in terms of qualified personnel. Funding is distributed according to the number and size of units, the use and maintenance of training equipment, and the number of courses presented. 2 548 members were trained in 2012/13 and 1 053 had been trained by the end of September 2013. This subprogramme had a staff complement of 1 751 in 2013/14.
- *Base Support Capability* provides a general base support capability to ships and submarines, shore units and other identified clients to ensure that the fleet complies with specified operational readiness levels. Funding is distributed according to the size of the naval base, the use and maintenance of the harbour, the maintenance of naval infrastructure, and the utilisation of naval base support systems and equipment. In 2012/13, 1 naval base and 2 naval stations were manned and maintained. In 2013/14, the capability was maintained as required. The expansion of the capability in Durban to support the maritime security strategy has begun. This subprogramme had a staff complement of 2 313 in 2013/14.

## Expenditure estimates

**Table 22.15 Maritime Defence**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Maritime Direction	391.3	445.5	467.2	518.3	9.8%	16.7%	520.8	525.6	560.4	2.6%	13.7%
Maritime Combat Capability	533.6	559.8	558.3	630.1	5.7%	20.9%	1 200.9	1 209.6	2 215.0	52.1%	34.0%
Maritime Logistic Support Capability	585.7	762.1	989.0	994.9	19.3%	30.5%	989.3	989.0	1 054.6	2.0%	26.0%
Maritime Human Resources and Training Capability	312.8	304.1	316.3	357.4	4.5%	11.8%	383.6	435.1	462.7	9.0%	10.6%
Base Support Capability	526.5	503.2	564.2	606.7	4.8%	20.1%	583.9	595.4	634.8	1.5%	15.7%
<b>Total</b>	<b>2 349.9</b>	<b>2 574.7</b>	<b>2 894.9</b>	<b>3 107.3</b>	<b>9.8%</b>	<b>100.0%</b>	<b>3 678.5</b>	<b>3 754.8</b>	<b>4 927.5</b>	<b>16.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(63.7)			27.0	35.5	973.0		
<b>Economic classification</b>											
<b>Current payments</b>	<b>1 912.1</b>	<b>2 095.6</b>	<b>2 413.4</b>	<b>2 703.9</b>	<b>12.2%</b>	<b>83.5%</b>	<b>2 784.0</b>	<b>2 857.6</b>	<b>3 041.4</b>	<b>4.0%</b>	<b>73.6%</b>
Compensation of employees	1 378.3	1 517.3	1 672.5	1 775.5	8.8%	58.1%	1 803.1	1 906.0	2 045.2	4.8%	48.7%
Goods and services	533.8	578.3	740.9	928.4	20.3%	25.5%	980.9	951.5	996.1	2.4%	24.9%
of which:											
Computer services	37.5	31.1	30.9	26.2	-11.3%	1.2%	27.3	43.8	40.1	15.2%	0.9%
Contractors	175.1	207.8	308.0	535.6	45.2%	11.2%	363.5	346.6	259.8	-21.4%	9.7%
Inventory: Food and food supplies	62.7	54.8	66.6	61.8	-0.5%	2.2%	81.3	86.6	92.6	14.5%	2.1%
Property payments	7.5	8.4	17.4	59.8	100.2%	0.9%	36.4	36.4	36.4	-15.2%	1.1%

Table 22.15 Maritime Defence

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Transfers and subsidies</b>	<b>378.1</b>	<b>443.6</b>	<b>417.2</b>	<b>383.5</b>	<b>0.5%</b>	<b>14.8%</b>	<b>873.7</b>	<b>878.5</b>	<b>1 869.1</b>	<b>69.6%</b>	<b>25.9%</b>	
Departmental agencies and accounts	222.8	231.2	104.1	167.7	-9.0%	6.6%	648.9	638.9	1 617.7	112.9%	19.9%	
Public corporations and private enterprises	148.4	194.0	294.1	197.9	10.1%	7.6%	208.6	219.9	231.8	5.4%	5.5%	
Households	6.9	18.4	19.0	17.8	37.4%	0.6%	16.2	19.7	19.7	3.5%	0.5%	
<b>Payments for capital assets</b>	<b>59.0</b>	<b>35.2</b>	<b>63.9</b>	<b>20.0</b>	<b>-30.2%</b>	<b>1.6%</b>	<b>20.8</b>	<b>18.7</b>	<b>17.0</b>	<b>-5.4%</b>	<b>0.5%</b>	
Buildings and other fixed structures	15.5	8.9	13.9	10.5	-12.0%	0.4%	13.0	13.1	11.6	3.2%	0.3%	
Machinery and equipment	43.0	26.4	49.6	8.9	-41.0%	1.2%	7.2	5.3	5.1	-16.8%	0.2%	
Specialised military assets	0.5	-	-	0.3	-18.6%	-	0.3	-	-	-100.0%	-	
Software and other intangible assets	-	0.0	0.3	0.4	-	-	0.3	0.3	0.3	-6.6%	-	
<b>Payments for financial assets</b>	<b>0.8</b>	<b>0.3</b>	<b>0.4</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>2 349.9</b>	<b>2 574.7</b>	<b>2 894.9</b>	<b>3 107.3</b>	<b>9.8%</b>	<b>100.0%</b>	<b>3 678.5</b>	<b>3 754.8</b>	<b>4 927.5</b>	<b>16.6%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>7.7%</b>	<b>7.5%</b>	<b>7.7%</b>	<b>7.6%</b>			<b>8.6%</b>	<b>8.3%</b>	<b>10.2%</b>			

## Details of selected transfers and subsidies

<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>6.9</b>	<b>18.4</b>	<b>19.0</b>	<b>17.8</b>	<b>37.4%</b>	<b>0.6%</b>	<b>16.2</b>	<b>19.7</b>	<b>19.7</b>	<b>3.5%</b>	<b>0.5%</b>
Employee social benefits	6.9	18.4	19.0	17.8	37.4%	0.6%	16.2	19.7	19.7	3.5%	0.5%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>222.8</b>	<b>231.2</b>	<b>104.1</b>	<b>167.7</b>	<b>-9.0%</b>	<b>6.6%</b>	<b>648.9</b>	<b>638.9</b>	<b>1 617.7</b>	<b>112.9%</b>	<b>19.9%</b>
Special defence account	222.8	231.2	104.1	167.7	-9.0%	6.6%	648.9	638.9	1 617.7	112.9%	19.9%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>148.4</b>	<b>194.0</b>	<b>294.1</b>	<b>197.9</b>	<b>10.1%</b>	<b>7.6%</b>	<b>208.6</b>	<b>219.9</b>	<b>231.8</b>	<b>5.4%</b>	<b>5.5%</b>
Armaments Corporation of South Africa	148.4	194.0	294.1	197.9	10.1%	7.6%	208.6	219.9	231.8	5.4%	5.5%

## Personnel information

Table 22.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Maritime Defence	Number of posts estimated for 31 March 2014	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost		Number	Cost		Number	Cost	Number	Cost	Number	Cost	Number	Cost			
<b>Salary level</b>	<b>7 149</b>	<b>-</b>	<b>7 431</b>	<b>1 672.5</b>	<b>0.2</b>	<b>7 606</b>	<b>1 775.5</b>	<b>0.2</b>	<b>7 149</b>	<b>1 803.1</b>	<b>0.3</b>	<b>7 414</b>	<b>1 906.0</b>	<b>0.3</b>	<b>7 414</b>	<b>2 045.2</b>	<b>0.3</b>	<b>-0.8%</b>	<b>100.0%</b>
1 - 6	5 059	-	5 360	958.0	0.2	5 370	994.9	0.2	5 059	721.0	0.1	5 462	984.6	0.2	5 462	1 110.4	0.2	0.6%	72.2%
7 - 10	1 974	-	1 951	629.1	0.3	2 126	702.0	0.3	1 974	903.2	0.5	1 842	769.3	0.4	1 842	780.6	0.4	-4.7%	26.3%
11 - 12	92	-	97	64.2	0.7	88	57.8	0.7	92	107.1	1.2	86	89.2	1.0	86	90.5	1.1	-0.8%	1.2%
13 - 16	24	-	23	21.2	0.9	22	20.8	0.9	24	71.9	3.0	24	62.8	2.6	24	63.7	2.7	2.9%	0.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on preparing and maintaining vessels and associated supporting systems, including human resources, at the required readiness levels to meet the country's maritime defence commitments in a sustained manner. These activities are labour intensive, therefore personnel numbers are projected to increase from 7 149 in 2014/15 to 7 414 in 2016/17 to rejuvenate the maritime forces. There were no vacancies in this programme at the end of November 2013.

Spending in the *Maritime Combat Capability* subprogramme is projected to increase significantly over the medium term due to the replacement of offshore patrol vessels and the procurement of a harbour tug for the naval base in Simon's Town. This also explains the significant increase expected in spending on transfers to departmental agencies and accounts. The projected increase in spending on other inventory supplies and

operating payments over the medium term is due to the replenishment of critical stock and to sustain naval vessels for operational deployment in the Mozambique Channel.

## Programme 6: Military Health Support

### Objectives

- Provide prepared and supported health capabilities and services by providing:
  - a health support capability of 5 medical battalion groups, including accompanying field hospitals and 1 specialist medical battalion group, for deployed and contingency forces
  - a comprehensive multidisciplinary military health service to a projected patient population of 302 000 members per year.

### Subprogrammes

- *Strategic Direction* formulates strategy, policies and plans; and provides advice from the surgeon general's office to prepare and provide the capabilities required by the chief of the South African National Defence Force. In 2012/13, continuous management intervention and rectification were undertaken to improve healthcare service delivery during force health protection and force health sustainment. In 2013/14, the advice and plans were provided as required. This subprogramme had a staff complement of 276 in 2013/14.
- *Mobile Military Health Support* provides health support elements for deployed and contingency forces, and provides health services to provincial hospitals and the Department of Health as and when ordered. Funding is distributed according to the number and size of units, systems and equipment operating requirements, maintenance requirements, and the number of force preparation activities. In 2012/13, 2 battalion groups and 3 reserve medical battalion groups were provided. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 246 in 2013/14.
- *Area Military Health Service* provides a comprehensive, self-supporting, multidisciplinary geographic military health service through a formation headquarters, commanding and controlling 9 area military health units to ensure a healthy military community. The military hospitals also attend to health care activities, medical support and health activities in the specialist aviation environment. Funding is distributed according to the number and size of units and health care facilities, systems and equipment operating requirements, maintenance requirements, the number and type of patient health services provided, and force preparation activities. In 2012/13, 1 393 612 health care activities were carried out. By the end of December 2013, 1 021 692 health care activities had been carried out. This subprogramme had a staff complement of 2 865 in 2013/14.
- *Specialist/Tertiary Health Service* provides a specialist health service to develop and maintain tertiary military health capabilities within the parameters of relevant legislation, as contained in the South African military health service strategy. Funding is distributed according to the number and size of military hospitals and specialist units, systems and equipment operating requirements, maintenance requirements, the number and type of patient health services rendered, and force preparation activities. In 2012/13, 837 465 health care activities were carried out in military hospitals. In 2013/14, an estimated 784 000 health care activities will be carried out. This subprogramme had a staff complement of 2 467 in 2013/14.
- *Military Health Product Support Capability* provides for warehousing pharmaceuticals, sundries, military health mobilisation equipment and unique stock; procuring unique military health products, materials and services; and an asset management service, military health product systems and cooperative common military health logistics. Funding is distributed according to the number and size of units; the use of military health products, equipment and consumables; and the requirements for maintaining strategic military health reserves. In 2012/13, a 64 per cent availability of stock at all times was achieved. In 2013/14, a 50 per cent availability of stock is projected. This subprogramme had a staff complement of 137 in 2013/14.
- *Military Health Maintenance Capability* provides general base support services to identified military health service units to sustain and maintain the approved force design and structure. Funding is distributed according to the number and size of units, systems and equipment operating requirements, and maintenance

requirements. In 2012/13, 65 per cent of the vehicle fleet under this subprogramme was repaired and maintained. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 749 in 2013/14.

- *Military Health Training Capability* provides a military health training service to develop and maintain military health training capabilities within the parameters of relevant legislation and policies. Funding is distributed according to the training inputs of the sub-units, equipment operating requirements, maintenance requirements, and the number of training courses presented to SADC countries. 4 763 members were trained in 2012/13 and a further 1 000 had been trained by the end of September 2013. This subprogramme had a staff complement of 1 634 in 2013/14.

## Expenditure estimates

**Table 22.17 Military Health Support**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Strategic Direction	196.6	225.7	203.2	246.6	7.8%	6.3%	178.3	184.5	185.0	-9.1%	5.0%
Mobile Military Health Support	112.8	97.5	105.3	113.2	0.1%	3.1%	118.9	192.4	199.9	20.9%	3.9%
Area Military Health Service	964.9	1 039.7	1 143.9	1 158.9	6.3%	31.3%	1 258.1	1 336.5	1 446.4	7.7%	32.5%
Specialist/Tertiary Health Service	1 038.2	1 134.7	1 215.1	1 235.6	6.0%	33.6%	1 410.2	1 423.4	1 513.1	7.0%	34.9%
Military Health Product Support Capability	167.9	256.1	198.1	381.2	31.4%	7.3%	247.7	256.9	274.1	-10.4%	7.3%
Military Health Maintenance Capability	222.0	269.7	261.5	228.8	1.0%	7.1%	248.4	253.8	268.8	5.5%	6.3%
Military Health Training Capability	447.8	376.7	332.8	397.8	-3.9%	11.3%	387.3	412.0	437.9	3.3%	10.2%
<b>Total</b>	<b>3 150.1</b>	<b>3 400.1</b>	<b>3 459.9</b>	<b>3 762.1</b>	<b>6.1%</b>	<b>100.0%</b>	<b>3 849.1</b>	<b>4 059.4</b>	<b>4 325.1</b>	<b>4.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				119.6			57.7	154.8	159.3		
<b>Economic Classification</b>											
<b>Current payments</b>	<b>3 026.4</b>	<b>3 292.9</b>	<b>3 360.6</b>	<b>3 647.7</b>	<b>6.4%</b>	<b>96.8%</b>	<b>3 791.5</b>	<b>3 936.5</b>	<b>4 204.2</b>	<b>4.8%</b>	<b>97.4%</b>
Compensation of employees	2 079.6	2 324.8	2 546.6	2 584.9	7.5%	69.2%	2 670.8	2 756.8	2 966.0	4.7%	68.6%
Goods and services	946.8	968.2	814.0	1 062.8	3.9%	27.5%	1 120.7	1 179.7	1 238.3	5.2%	28.8%
of which:											
Computer services	56.8	32.1	40.9	65.2	4.7%	1.4%	51.2	51.4	52.7	-6.8%	1.4%
Contractors	375.5	439.5	50.7	159.7	-24.8%	7.4%	147.2	154.0	164.5	1.0%	3.9%
Inventory: Food and food supplies	58.3	58.2	53.2	46.0	-7.6%	1.6%	63.5	63.9	64.6	12.0%	1.5%
Property payments	14.1	12.2	17.2	86.5	82.9%	0.9%	17.9	18.6	19.4	-39.3%	0.9%
<b>Transfers and subsidies</b>	<b>38.3</b>	<b>16.3</b>	<b>14.7</b>	<b>23.8</b>	<b>-14.7%</b>	<b>0.7%</b>	<b>29.5</b>	<b>95.1</b>	<b>91.8</b>	<b>56.9%</b>	<b>1.5%</b>
Departmental agencies and accounts	24.7	7.1	4.4	2.9	-50.8%	0.3%	15.5	82.3	78.9	199.6%	1.1%
Non-profit institutions	0.4	0.4	0.8	0.4	3.6%	-	0.8	0.9	0.9	31.0%	-
Households	13.3	8.8	9.5	20.4	15.5%	0.4%	13.3	12.0	12.0	-16.2%	0.4%
<b>Payments for capital assets</b>	<b>82.7</b>	<b>89.3</b>	<b>83.2</b>	<b>90.6</b>	<b>3.1%</b>	<b>2.5%</b>	<b>28.0</b>	<b>27.7</b>	<b>29.1</b>	<b>-31.5%</b>	<b>1.1%</b>
Buildings and other fixed structures	0.9	-	0.0	0.0	-72.2%	-	0.5	0.5	0.5	192.4%	-
Machinery and equipment	81.7	89.2	80.1	77.6	-1.7%	2.4%	23.4	26.3	27.6	-29.1%	1.0%
Specialised military assets	-	-	0.7	0.0	-	-	0.9	0.9	1.0	479.1%	-
Biological assets	0.1	0.0	0.0	-	-100.0%	-	-	-	-	-	-
Software and other intangible assets	-	-	2.3	12.9	-	0.1%	3.2	-	-	-100.0%	0.1%
<b>Payments for financial assets</b>	<b>2.7</b>	<b>1.6</b>	<b>1.4</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3 150.1</b>	<b>3 400.1</b>	<b>3 459.9</b>	<b>3 762.1</b>	<b>6.1%</b>	<b>100.0%</b>	<b>3 849.1</b>	<b>4 059.4</b>	<b>4 325.1</b>	<b>4.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>10.3%</b>	<b>9.9%</b>	<b>9.2%</b>	<b>9.3%</b>			<b>9.0%</b>	<b>9.0%</b>	<b>9.0%</b>		

### Details of selected transfers and subsidies

Households											
<b>Social benefits</b>											
<b>Current</b>	<b>13.3</b>	<b>8.8</b>	<b>9.5</b>	<b>20.4</b>	<b>15.5%</b>	<b>0.4%</b>	<b>13.3</b>	<b>12.0</b>	<b>12.0</b>	<b>-16.2%</b>	<b>0.4%</b>
Employee social benefits	13.3	8.8	9.5	20.4	15.5%	0.4%	13.3	12.0	12.0	-16.2%	0.4%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>24.7</b>	<b>7.1</b>	<b>4.4</b>	<b>2.9</b>	<b>-50.8%</b>	<b>0.3%</b>	<b>15.5</b>	<b>82.3</b>	<b>78.9</b>	<b>199.6%</b>	<b>1.1%</b>
Communication	-	-	-	-	-	-	0.1	0.1	0.1	-	-
Special defence account	24.7	7.1	4.4	2.9	-50.8%	0.3%	15.4	82.1	78.8	199.4%	1.1%

## Personnel information

Table 22.18 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
Military Health Support																			
Salary level	7 931	-	8 521	2 546.6	0.3	8 374	2 584.9	0.3	7 931	2 670.8	0.3	7 543	2 756.8	0.4	7 545	2 966.0	0.4	-3.4%	100.0%
1 - 6	3 974	-	4 301	859.3	0.2	4 053	691.9	0.2	3 974	774.5	0.2	3 796	685.5	0.2	3 796	696.0	0.2	-2.2%	49.8%
7 - 10	3 614	-	3 888	1 527.7	0.4	3 958	1 522.1	0.4	3 614	1 579.4	0.4	3 418	1 789.0	0.5	3 418	1 981.1	0.6	-4.8%	45.9%
11 - 12	234	-	307	129.4	0.4	261	251.5	1.0	234	192.4	0.8	225	171.8	0.8	225	174.5	0.8	-4.8%	3.0%
13 - 16	109	-	25	30.3	1.2	102	119.3	1.2	109	124.5	1.1	104	110.5	1.1	106	114.3	1.1	1.3%	1.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing a comprehensive military health service, maintaining and improving tertiary and specialist health support, and maintaining the military health facilities. These activities are labour intensive; therefore spending on compensation of employees is expected to account for 68.6 per cent of the programme's overall allocation over the medium term. However, in an effort to maintain spending on compensation of employees at sustainable levels without compromising performance levels, the department expects to reduce the programme's personnel numbers from 8 374 in 2013/14 to 7 545 in 2016/17. There were no vacancies in this programme at the end of November 2013.

The significant increase expected in spending on agency, support and outsourced services in 2014/15 is due to the Cabinet approved additional allocation of R100 million to improve operations of the programme and to allow patients to receive specialised treatment from private sector service providers. This is also the reason for the projected increase in spending in the *Specialist/Tertiary Health Services* subprogramme in that year.

The expenditure in the *Mobile Military Health Support* subprogramme is expected to increase over the medium term, due to the acquisition of ICT equipment to deliver health related services and information, and the development of defence against chemical and biological warfare. This is also the reason for the projected increase in spending in departmental agencies and accounts over the same period. The significant increase projected in expenditure on assets less than the capitalisation threshold over the medium term is mainly due to the planned renewal of medical equipment and to equip capabilities for medical support in both internal and external deployment areas.

## Programme 7: Defence Intelligence

### Objectives

- The detail of the output of *Defence Intelligence* programme is classified.

### Subprogrammes

- Strategic Direction* provides defence intelligence policy, doctrine and intelligence advice in support of the department's decision making and policy formulation processes. Funding is based on the cost of operating the defence intelligence headquarters. In support of government's peace initiatives, the division remains involved in peace processes in Africa by providing intelligence on the current security situation.
- Operations* provides timely defence prediction, intelligence, and counterintelligence capabilities and services. Defence related national strategic intelligence is provided to the highest level of decision makers through briefings to the president, the council on defence and the interministerial security committee. Funding is distributed based on the number and size of intelligence offices, systems and equipment operating requirements, maintenance requirements, and the requirements for producing intelligence.

- *Defence Intelligence Support Services* provides human resources, logistics, planning, security, labour relations, and training and information support services to the defence intelligence community. Funding is distributed according to the number and size of units and offices, equipment and operating requirements, maintenance requirements, and the number of force preparation exercises and training courses.

## Expenditure estimates

**Table 22.19 Defence Intelligence**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Strategic Direction	0.2	0.1	-	0.1	-10.4%	-	0.1	0.1	0.1	-10.9%	-
Operations	397.6	407.4	420.9	458.6	4.9%	61.0%	473.6	498.5	523.2	4.5%	59.9%
Defence Intelligence Support Services	236.1	245.6	284.2	309.2	9.4%	39.0%	318.5	330.2	351.5	4.4%	40.1%
<b>Total</b>	<b>633.9</b>	<b>653.1</b>	<b>705.1</b>	<b>767.9</b>	<b>6.6%</b>	<b>100.0%</b>	<b>792.1</b>	<b>828.8</b>	<b>874.8</b>	<b>4.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				5.5			2.3	3.0	(0.9)		

### Economic classification

<b>Current payments</b>	<b>222.4</b>	<b>239.9</b>	<b>275.6</b>	<b>318.8</b>	<b>12.8%</b>	<b>38.3%</b>	<b>328.6</b>	<b>340.3</b>	<b>362.1</b>	<b>4.3%</b>	<b>41.4%</b>
Compensation of employees	205.3	224.7	262.0	288.0	11.9%	35.5%	296.9	307.8	328.5	4.5%	37.4%
Goods and services	17.1	15.2	13.6	30.8	21.7%	2.8%	31.7	32.5	33.6	3.0%	3.9%
<i>of which:</i>											
Computer services	0.1	-	-	-	-100.0%	-	0.2	0.2	0.2	-	-
Contractors	1.8	1.6	0.7	2.4	9.3%	0.2%	0.8	0.8	0.8	-29.3%	0.1%
Inventory: Food and food supplies	1.4	1.9	1.8	2.2	14.6%	0.3%	8.0	8.1	8.4	57.6%	0.8%
Property payments	0.0	0.0	0.9	0.5	216.7%	0.1%	0.6	0.6	0.6	5.6%	0.1%
<b>Transfers and subsidies</b>	<b>404.6</b>	<b>409.3</b>	<b>424.6</b>	<b>445.6</b>	<b>3.3%</b>	<b>61.0%</b>	<b>458.7</b>	<b>483.6</b>	<b>507.7</b>	<b>4.4%</b>	<b>58.1%</b>
Provinces and municipalities	-	-	-	-	-	-	0.0	0.0	0.0	-	-
Departmental agencies and accounts	396.8	406.7	420.6	441.9	3.7%	60.4%	455.7	480.6	504.6	4.5%	57.7%
Households	7.8	2.6	4.0	3.7	-21.8%	0.7%	3.0	3.0	3.0	-6.9%	0.4%
<b>Payments for capital assets</b>	<b>6.9</b>	<b>3.7</b>	<b>4.8</b>	<b>3.5</b>	<b>-19.8%</b>	<b>0.7%</b>	<b>4.8</b>	<b>4.9</b>	<b>5.0</b>	<b>12.3%</b>	<b>0.6%</b>
Machinery and equipment	6.9	3.7	4.8	3.5	-19.8%	0.7%	4.8	4.9	5.0	12.3%	0.6%
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>633.9</b>	<b>653.1</b>	<b>705.1</b>	<b>767.9</b>	<b>6.6%</b>	<b>100.0%</b>	<b>792.1</b>	<b>828.8</b>	<b>874.8</b>	<b>4.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>2.1%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.9%</b>			<b>1.8%</b>	<b>1.8%</b>	<b>1.8%</b>		

### Details of selected transfers and subsidies

<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>7.8</b>	<b>2.6</b>	<b>4.0</b>	<b>3.7</b>	<b>-21.8%</b>	<b>0.7%</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>-6.9%</b>	<b>0.4%</b>
Employee social benefits	7.8	2.6	4.0	3.7	-21.8%	0.7%	3.0	3.0	3.0	-6.9%	0.4%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>396.8</b>	<b>406.7</b>	<b>420.6</b>	<b>441.9</b>	<b>3.7%</b>	<b>60.4%</b>	<b>455.7</b>	<b>480.6</b>	<b>504.6</b>	<b>4.5%</b>	<b>57.7%</b>
Communication	-	-	-	-	-	-	0.2	0.2	0.2	-	-
Special defence account	396.8	406.7	420.6	441.9	3.7%	60.4%	455.5	480.4	504.4	4.5%	57.7%

## Expenditure trends

The spending focus over the medium term will be on collecting, analysing and disseminating strategic defence intelligence in support of the department's outputs. Expenditure on inventory, stationery and printing is expected to increase over the medium term due to the provision of training and related materials to the forces of the Democratic Republic of the Congo. Expenditure on contractors increased from 2012/13 to 2013/14 due to the demands of the maintenance programme at the Defence Intelligence headquarters and the Defence Intelligence College. The projected decrease in spending on this item over the medium term is due to the finalisation of the maintenance programme.

## Programme 8: General Support

### Objectives

- Provide ongoing general support capabilities and services by providing appropriate, ready and sustained matériel, facilities, movement and logistic services focusing on supply chain and life cycle management to enable the defence mandate by:
  - providing new and replacing infrastructure assets through 16 projects
  - carrying out maintenance and repairs through 36 projects
  - operationalising and capacitating the works capability that will enable the Department of Defence to assume selected custodian responsibilities from the Department of Public Works.
- Provide the department with key information and communication systems over the medium term by:
  - ensuring that the defence information and communications infrastructure is available 98 per cent of the time
  - providing information and communication system solutions, in accordance with the portfolios of the defence enterprise information systems master plan.
- Provide a military policing capability to the department over the medium term by:
  - conducting 248 deliberate crime prevention operations per year
  - investigating 80 corruption and fraud cases per year
  - sustaining a provost company for operational deployment on an ongoing basis
  - sustaining 4 regional headquarters, 22 area offices and 22 detachments for crime prevention and investigation of criminal cases
  - sustaining 2 military correctional facilities for detention and rehabilitation.

### Subprogrammes

- *Joint Logistic Services* provides logistics services to the department in terms of warehousing for ammunition, and main equipment and stores; and for the defence works capability, the capital works programme and the defence facility refurbishment programme. Funding is distributed according to the number and size of units, use and warehousing requirements for ammunition main equipment and stores, the defence facility refurbishment programme, and the number of training courses. In 2012/13, 1 012 tons of ammunition was disposed of. In 2013/14, 250 of the planned 600 tons were disposed of. This subprogramme had a staff complement of 3 048 in 2013/14.
- *Command and Management Information Systems* provides command and management information systems and related services to the department. This entails providing information systems and communications infrastructure in relation to solutions, operating systems, continuous maintenance and upgrading requirements for the department. Funding is distributed according to the number and size of mainframe systems, the communications infrastructure operated by the department, and maintenance and upgrading requirements. In 2012/13, the availability of the defence information and communications infrastructure system was 98 per cent. In 2013/14, the capability was maintained as required. This subprogramme had a staff complement of 150 in 2013/14.
- *Military Police* provides a military policing capability for the department. Military police members support external operations, conduct crime prevention operations across the country and provide functional training at the military police school. In 2012/13, 2 288 cases were finalised and 379 crime prevention operations were conducted jointly with the South African Police Service throughout the country. In 2013/14, 456 criminal cases were finalised and 41 of the 248 planned deliberate crime prevention operations were conducted. This subprogramme had a staff complement of 1 640 in 2013/14.
- *Technology Development* provides for establishing and sustaining selected science and technology capabilities in the defence industry. In 2013/14, R348 million was used for capital acquisition.
- *Departmental Support* provides for the payment of corporate departmental obligations such as transfer payments to public entities, legal fees, external audits and bank charges. In 2012/13, R666 million was

transferred to the Armaments Corporation of South Africa to fulfil acquisition responsibilities. The transfer increased to R767 million in 2013/14.

## Expenditure estimates

**Table 22.20 General Support**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Joint Logistic Services	1 478.2	1 577.0	2 096.2	2 276.5	15.5%	40.8%	2 481.8	2 767.9	2 908.6	8.5%	46.9%
Command and Management Information Systems	782.7	835.6	849.8	1 190.7	15.0%	20.1%	867.0	984.2	1 024.6	-4.9%	18.3%
Military Police	412.0	442.4	502.6	487.5	5.8%	10.1%	493.4	512.5	545.2	3.8%	9.2%
Technology Development	357.8	339.9	326.7	348.6	-0.9%	7.5%	442.6	302.9	360.9	1.2%	6.5%
Departmental Support	774.8	913.1	861.7	1 333.5	19.8%	21.4%	901.6	965.2	1 030.5	-8.2%	19.0%
<b>Total</b>	<b>3 805.4</b>	<b>4 107.9</b>	<b>4 636.9</b>	<b>5 636.8</b>	<b>14.0%</b>	<b>100.0%</b>	<b>5 186.3</b>	<b>5 532.7</b>	<b>5 869.7</b>	<b>1.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				792.0			128.2	233.9	255.2		
<b>Economic classification</b>											
<b>Current payments</b>	<b>2 394.0</b>	<b>2 452.4</b>	<b>2 666.6</b>	<b>3 864.3</b>	<b>17.3%</b>	<b>62.6%</b>	<b>3 736.3</b>	<b>4 090.3</b>	<b>4 316.0</b>	<b>3.8%</b>	<b>72.0%</b>
Compensation of employees	973.8	1 104.0	1 271.5	1 664.6	19.6%	27.6%	1 511.3	1 754.6	1 859.4	3.8%	30.5%
Goods and services	1 420.2	1 348.3	1 395.2	2 199.7	15.7%	35.0%	2 225.1	2 335.7	2 456.6	3.8%	41.5%
of which:											
Computer services	579.9	585.9	637.7	808.3	11.7%	14.4%	746.4	793.2	843.4	1.4%	14.4%
Contractors	413.8	341.6	56.9	119.8	-33.8%	5.1%	151.7	160.0	166.3	11.6%	2.7%
Inventory: Food and food supplies	30.0	34.1	34.9	44.4	13.9%	0.8%	42.6	46.5	48.9	3.3%	0.8%
Property payments	0.4	1.2	321.3	781.0	1156.2%	6.1%	797.4	833.6	879.8	4.0%	14.8%
<b>Transfers and subsidies</b>	<b>997.6</b>	<b>1 107.4</b>	<b>1 119.5</b>	<b>1 451.2</b>	<b>13.3%</b>	<b>25.7%</b>	<b>1 290.1</b>	<b>1 271.0</b>	<b>1 380.0</b>	<b>-1.7%</b>	<b>24.3%</b>
Departmental agencies and accounts	438.3	467.6	445.9	366.0	-5.8%	9.4%	445.7	369.7	416.2	4.4%	7.2%
Foreign governments and international organisations	-	-	-	299.1	-	1.6%	-	-	-	-100.0%	1.3%
Public corporations and private enterprises	544.1	630.8	666.1	766.7	12.1%	14.3%	829.9	889.9	951.5	7.5%	15.5%
Households	15.2	9.0	7.5	19.4	8.4%	0.3%	14.4	11.3	12.2	-14.4%	0.3%
<b>Payments for capital assets</b>	<b>279.3</b>	<b>343.3</b>	<b>755.3</b>	<b>167.7</b>	<b>-15.6%</b>	<b>8.5%</b>	<b>159.9</b>	<b>171.4</b>	<b>173.7</b>	<b>1.2%</b>	<b>3.0%</b>
Buildings and other fixed structures	229.0	265.7	630.5	104.2	-23.1%	6.8%	109.4	114.9	120.6	5.0%	2.0%
Machinery and equipment	50.2	77.6	124.4	37.4	-9.3%	1.6%	25.1	31.9	26.0	-11.4%	0.5%
Specialised military assets	0.0	-	-	26.0	1010.2%	0.1%	23.1	24.2	26.6	0.8%	0.4%
Software and other intangible assets	0.0	0.1	0.3	0.1	66.5%	-	2.3	0.4	0.4	95.0%	-
<b>Payments for financial assets</b>	<b>134.6</b>	<b>204.9</b>	<b>95.4</b>	<b>153.6</b>	<b>4.5%</b>	<b>3.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.7%</b>
<b>Total</b>	<b>3 805.4</b>	<b>4 107.9</b>	<b>4 636.9</b>	<b>5 636.8</b>	<b>14.0%</b>	<b>100.0%</b>	<b>5 186.3</b>	<b>5 532.7</b>	<b>5 869.7</b>	<b>1.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>12.5%</b>	<b>12.0%</b>	<b>12.3%</b>	<b>13.9%</b>			<b>12.1%</b>	<b>12.2%</b>	<b>12.2%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>15.2</b>	<b>9.0</b>	<b>7.5</b>	<b>19.4</b>	<b>8.4%</b>	<b>0.3%</b>	<b>14.4</b>	<b>11.3</b>	<b>12.2</b>	<b>-14.4%</b>	<b>0.3%</b>
Employee social benefits	15.2	9.0	7.5	19.4	8.4%	0.3%	14.4	11.3	12.2	-14.4%	0.3%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>438.3</b>	<b>467.6</b>	<b>445.9</b>	<b>366.0</b>	<b>-5.8%</b>	<b>9.4%</b>	<b>445.7</b>	<b>369.7</b>	<b>416.2</b>	<b>4.4%</b>	<b>7.2%</b>
Communication	-	-	-	-	-	-	0.1	0.1	0.1	-	-
Special defence account	438.3	467.6	445.9	366.0	-5.8%	9.4%	445.7	369.6	416.2	4.4%	7.2%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>544.1</b>	<b>630.8</b>	<b>666.1</b>	<b>766.7</b>	<b>12.1%</b>	<b>14.3%</b>	<b>829.9</b>	<b>889.9</b>	<b>951.5</b>	<b>7.5%</b>	<b>15.5%</b>
Armaments Corporation of South Africa	544.1	630.8	666.1	766.7	12.1%	14.3%	829.9	889.9	951.5	7.5%	15.5%
<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>299.1</b>	<b>-</b>	<b>1.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>1.3%</b>
Claims against the State	-	-	-	299.1	-	1.6%	-	-	-	-100.0%	1.3%

**Personnel information**

**Table 22.21 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
General Support		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
Salary level	5 473	-	4 939	1 271.5	0.3	4 838	1 664.6	0.3	5 473	1 511.3	0.3	5 887	1 754.6	0.3	5 886	1 859.4	0.3	6.8%	100.0%
1 – 6	3 210	-	3 211	603.3	0.2	2 901	731.3	0.3	3 210	666.2	0.2	3 476	895.1	0.3	3 484	991.4	0.3	6.3%	59.2%
7 – 10	2 136	-	1 594	572.0	0.4	1 802	810.2	0.4	2 136	750.7	0.4	2 284	769.2	0.3	2 275	776.8	0.3	8.1%	38.5%
11 – 12	103	-	109	73.4	0.7	110	92.7	0.8	103	70.9	0.7	103	67.8	0.7	104	69.3	0.7	-1.9%	1.9%
13 – 16	24	-	25	22.9	0.9	25	30.3	1.2	24	23.5	1.0	24	22.5	0.9	23	21.9	1.0	-2.7%	0.4%

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

2. Rand million.

**Expenditure trends**

The spending focus over the medium term will be on providing continuous general support capabilities, consolidating and sustaining the defence works capability, providing key information and communication systems, providing a military policing capability, and maintaining defence facilities.

Personnel numbers are expected to increase to 5 886 in 2016/17 to provide for additional staff for the Defence Works Formation, which is also the reason for the projected increase in spending on compensation of employees over the medium term. This also explains the projected increases in spending in the *Joint Logistic Services* subprogramme between 2012/13, when the Defence Works Formation was established, and 2016/17. There were no vacancies in this programme at the end of November 2013.

Expenditure in the *Command and Management Information Systems* subprogramme is expected to decrease between 2013/14 and 2016/17 is due to savings in the payments for computer services and the delivery and completion of a static and mobile defence communication network in 2015/16.

The *Departmental Support* subprogramme provides for the payment of corporate departmental obligations such as legal fees, external audits and bank charges and transfers to the Armaments Corporation of South Africa for acquisitions. This transfer payment increases by R63.2 million between 2013/14 and 2014/15 due to the need for the accounting, storage and safeguarding of military assets transferred to the Armaments Corporation of South Africa for disposal. The additional funds will also go towards the implementation of the department’s logistics accounting systems and aligning them with those of the corporation.

The allocations for spending on consultants and professional services provide for services for the Council for Scientific and Industrial Research and the Armaments Corporation of South Africa, asset verification service, research and development, telecommunication services, codification and cataloguing, and legal fees payable to the state attorney. The decrease in spending on consultants and professional services between 2010/11 and 2013/14 was due to contracts for asset verification and Council for Scientific and Industrial Research services reaching their conclusion. Spending on consultants and professional services is projected to increase to R182.6 million over the medium term to provide for cryptology services, data communication and satellite bandwidth.

## Other departments within the vote

### Military Veterans

Table 22.22 Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	178.2	170.3	–	7.9	169.2	166.5
Socio Economic Support	168.1	168.1	–	–	267.5	295.4
Empowerment and Stakeholder Management	157.9	157.9	–	–	170.2	179.2
<b>Total expenditure estimates</b>	<b>504.2</b>	<b>496.2</b>	<b>–</b>	<b>7.9</b>	<b>606.8</b>	<b>641.1</b>

Executive authority Minister of Defence and Military Veterans

Accounting officer Director General of Military Veterans

Website address [www.militaryveterans.co.za](http://www.militaryveterans.co.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Formulate policies and standards aimed at providing a comprehensive delivery system to military veterans and their dependants in recognition of their role in the democratisation of South Africa.*

### Mandate

The Department of Military Veterans derives its mandate from the Military Veterans Act (18 of 2011), which requires it to provide national policy and standards on socioeconomic support to military veterans and to their dependants, including benefits and entitlements to help realise a dignified, unified, empowered and self sufficient military veterans' community.

### Strategic goals

The department's strategic goals over the medium term are to:

- coordinate and facilitate the provision of socioeconomic support services to military veterans
- manage and coordinate military veterans' empowerment and stakeholder relations services
- ensure that the needs of military veterans and their dependants are addressed.

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide management and strategic administrative support to the ministry, and overall management of the department.

#### Programme 2: Socio Economic Support

**Purpose:** Develop and monitor the implementation of legislation, policy frameworks and service delivery cooperation agreements on compensation for injury in military service, counselling, education, healthcare, public transport, pension and housing benefits to military veterans eligible for such support.

#### Programme 3: Empowerment and Stakeholder Relations

**Purpose:** Manage and facilitate the implementation of military veteran empowerment and stakeholder management programmes.

## Selected performance indicators

**Table 22.23 Military Veterans**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Total number of deserving military veterans with access to health care services	Socio Economic Support	Outcome 2: A long and healthy life for all South Africans	- <sup>1</sup>	- <sup>1</sup>	200	10 000	7 000	10 000	12 000
Number of deserving military veterans with decent housing per year	Socio Economic Support	Outcome 8: Sustainable human settlements and improved quality of household life	- <sup>1</sup>	- <sup>1</sup>	2	15 000	1 000	2 000	3 000
Number of military veterans' memorial sites erected per year	Empowerment and Stakeholder Management	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	- <sup>1</sup>	- <sup>1</sup>	0 <sup>2</sup>	1	2	4	2
Number of deserving military veterans with access to training and skills development per year	Empowerment and Stakeholder Management	Outcome 5: A skilled and capable workforce to support an inclusive growth path	- <sup>1</sup>	- <sup>1</sup>	0 <sup>2</sup>	2 000	2 500	3 000	3 500
Number of private sector companies and organs of state in partnership with the department per year	Empowerment and Stakeholder Management	Outcome 4: Decent employment through inclusive economic growth	- <sup>1</sup>	- <sup>1</sup>	0 <sup>2</sup>	10	10	10	10

1. This indicator was introduced in 2012/13.

2. No memorial sites were erected in 2012/13 due to delays in the finalisation of military veterans' benefits regulations.

## The national development plan

The national development plan calls for the reduction in unemployment and expansion in enrolments in further education and training. The Department of Military Veterans will therefore provide socioeconomic services to facilitate employment opportunities for military veterans with the support of line function departments, private companies and state agencies. To date, approximately 1 176 job opportunities have been created for military veterans. It is envisaged that by the end of 2014/15, a further 1 000 job opportunities will have been created. In 2013/14, 100 dependants of military veterans were provided with bursaries and 1 800 bursaries will have been provided to dependants of military veterans through the National Student Financial Aid Scheme by 2016/17.

## Expenditure estimates

**Table 22.24 Military Veterans**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
Administration	20.0	45.4	97.0	152.8	152.8	96.9%	61.3%	178.2	169.2	166.5	2.9%	31.7%
Socio Economic Support	-	-	-	122.2	122.2	-	23.8%	168.1	267.5	295.4	34.2%	40.6%
Empowerment and Stakeholder Management	-	-	-	76.5	76.5	-	14.9%	157.9	170.2	179.2	32.8%	27.8%
<b>Total</b>	<b>20.0</b>	<b>45.4</b>	<b>97.0</b>	<b>351.4</b>	<b>351.4</b>	<b>160.0%</b>	<b>100.0%</b>	<b>504.2</b>	<b>606.8</b>	<b>641.1</b>	<b>22.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-	-			-	-	-		

### Economic classification

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	Average (%)			
<b>Current payments</b>	<b>19.3</b>	<b>45.4</b>	<b>95.7</b>	<b>341.4</b>	<b>341.4</b>	<b>160.6%</b>	<b>97.7%</b>	<b>496.2</b>	<b>603.8</b>	<b>638.9</b>	<b>23.2%</b>	<b>98.9%</b>
Compensation of employees	6.0	18.0	27.0	80.6	80.6	137.7%	25.6%	92.2	97.5	102.7	8.4%	17.7%
Goods and services	13.3	27.4	68.6	260.8	260.8	169.7%	72.0%	404.1	506.4	536.2	27.2%	81.2%
of which:												
Consultants and professional services: Infrastructure and planning	-	-	-	58.9	58.9		11.5%	62.0	41.3	23.5	-26.4%	8.8%
Housing	-	-	-	60.0	60.0		11.7%	103.0	201.1	227.4	55.9%	28.1%
Travel and subsistence	-	11.8	10.9	21.9	21.9		8.7%	52.2	57.2	57.7	38.2%	9.0%
Training and development	-	0.3	6.8	23.6	23.6		6.0%	79.0	83.6	88.9	55.7%	13.1%
<b>Payments for capital assets</b>	<b>0.7</b>	<b>-</b>	<b>1.3</b>	<b>10.0</b>	<b>10.0</b>	<b>142.6%</b>	<b>2.3%</b>	<b>7.9</b>	<b>3.0</b>	<b>2.2</b>	<b>-40.0%</b>	<b>1.1%</b>
Machinery and equipment	0.7	-	1.3	10.0	10.0	142.6%	2.3%	7.9	3.0	2.2	-40.0%	1.1%
<b>Total</b>	<b>20.0</b>	<b>45.4</b>	<b>97.0</b>	<b>351.4</b>	<b>351.4</b>	<b>160.0%</b>	<b>100.0%</b>	<b>504.2</b>	<b>606.8</b>	<b>641.1</b>	<b>22.2%</b>	<b>100.0%</b>

## Personnel information

**Table 22.25 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13		2013/14		2014/15			2015/16			2016/17			2013/14 - 2016/17				
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Military Veterans</b>																			
<b>Salary level</b>	<b>169</b>	<b>33</b>	<b>31</b>	<b>27.0</b>	<b>0.9</b>	<b>135</b>	<b>80.6</b>	<b>0.6</b>	<b>169</b>	<b>92.2</b>	<b>0.5</b>	<b>169</b>	<b>97.5</b>	<b>0.6</b>	<b>169</b>	<b>102.7</b>	<b>0.6</b>	<b>7.8%</b>	<b>100.0%</b>
1 – 6	37	27	6	3.5	0.6	19	8.4	0.4	37	11.9	0.3	37	11.3	0.3	37	11.9	0.3	24.9%	20.2%
7 – 10	54	5	4	1.0	0.3	42	17.6	0.4	54	20.2	0.4	54	20.2	0.4	54	21.2	0.4	8.7%	31.8%
11 – 12	47	1	7	4.3	0.6	45	25.4	0.6	47	28.5	0.6	47	29.2	0.6	47	30.8	0.7	1.5%	29.0%
13 – 16	31	–	14	18.2	1.3	29	29.2	1.0	31	31.6	1.0	31	32.1	1.0	31	33.9	1.1	2.2%	19.0%
Other	–	–	–	–	–	–	–	–	–	–	–	–	4.7	–	–	4.9	–	–	–

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on building sufficient capacity to support the delivery of benefits to military veterans. The bulk of the department's budget over this period will therefore go towards spending in the *Socio Economic Support* and *Empowerment and Stakeholder Management* programmes. The projected increase in expenditure in the *Socio Economic Support* programme over the medium term is expected to deliver houses, bursaries and health care services to military veterans and their dependents. The projected increase in expenditure in the *Empowerment and Stakeholder Management* programme is expected to deliver access to training and skills development and to form partnerships with private sector companies and other organs of state to ensure that jobs are provided for the military veterans.

The department had 63 filled posts and 72 vacancies at the end of November 2013. These vacancies could not be filled as the department did not have adequate office space. The department moved to a more appropriate building in 2013/14 and is in the process of recruiting additional personnel. As a result, personnel numbers are projected to grow from 135 in 2013/14 to 169 in 2016/17. The departmental allocation increased to R351.4 million in 2013/14 to provide for military veterans' benefits.

Spending on consultants is expected to increase between 2013/14 and 2014/15 to provide for the development and implementation of the department's ICT systems, and additional professional services such as internal and external audits, legal assistance, research and policy development and health assessments and care.

## Programme 1: Administration

### Expenditure estimates

**Table 22.26 Administration**

Subprogramme	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
Strategic Planning, Policy Development and Monitoring and Evaluation	–	–	–	20.0	–	6.3%	21.0	22.2	23.4	5.4%	13.0%	
Management	20.0	45.4	97.0	7.3	-28.5%	53.8%	7.7	8.1	8.6	5.4%	4.7%	
Corporate Services	–	–	–	34.1	–	10.8%	51.8	64.1	72.8	28.8%	33.4%	
Financial Administration	–	–	–	14.5	–	4.6%	16.8	17.7	18.7	8.7%	10.2%	
Internal Audit	–	–	–	5.0	–	1.6%	8.5	9.4	10.3	27.1%	5.0%	
Office Accommodation	–	–	–	71.9	–	22.8%	72.3	47.7	32.8	-23.0%	33.7%	
<b>Total</b>	<b>20.0</b>	<b>45.4</b>	<b>97.0</b>	<b>152.8</b>	<b>96.9%</b>	<b>100.0%</b>	<b>178.2</b>	<b>169.2</b>	<b>166.5</b>	<b>2.9%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				152.8			178.2	169.2	166.5			

Table 22.26 Administration

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
<b>Current payments</b>	<b>19.3</b>	<b>45.4</b>	<b>95.7</b>	<b>142.8</b>	<b>94.8%</b>	<b>96.2%</b>	<b>170.3</b>	<b>166.2</b>	<b>164.3</b>	<b>4.8%</b>	<b>96.5%</b>	
Compensation of employees	6.0	18.0	27.0	45.4	96.3%	30.6%	52.4	56.5	59.6	9.5%	32.1%	
Goods and services	13.3	27.4	68.6	97.4	94.2%	65.6%	117.8	109.6	104.7	2.4%	64.4%	
of which:												
Consultants and professional services:	-	-	-	58.9	-	18.7%	62.0	41.3	23.5	-26.4%	27.9%	
Infrastructure and planning												
Travel and subsistence	-	11.8	10.9	5.4	-	8.9%	7.2	7.7	8.9	18.1%	4.4%	
Training and development	-	0.3	6.8	5.6	-	4.0%	3.9	4.3	4.5	-6.8%	2.7%	
<b>Payments for capital assets</b>	<b>0.7</b>	<b>-</b>	<b>1.3</b>	<b>10.0</b>	<b>142.6%</b>	<b>3.8%</b>	<b>7.9</b>	<b>3.0</b>	<b>2.2</b>	<b>-40.0%</b>	<b>3.5%</b>	
Machinery and equipment	0.7	-	1.3	10.0	142.6%	3.8%	7.9	3.0	2.2	-40.0%	3.5%	
<b>Total</b>	<b>20.0</b>	<b>45.4</b>	<b>97.0</b>	<b>152.8</b>	<b>96.9%</b>	<b>100.0%</b>	<b>178.2</b>	<b>169.2</b>	<b>166.5</b>	<b>2.9%</b>	<b>100.0%</b>	
Proportion of total programme expenditure to vote expenditure	100.0%	100.0%	100.0%	43.5%			35.3%	27.9%	26.0%			

## Personnel information

Table 22.27 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit	2013/14		Unit	2014/15		Unit	2015/16		Unit			2016/17		Unit	
		Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	2013/14 - 2016/17		
<b>Administration</b>																			
Salary level	97	20	21	27.0	1.3	72	45.4	0.6	97	52.4	0.5	97	56.5	0.6	97	59.6	0.6	10.4%	100.0%
1 - 6	33	18	5	3.5	0.7	15	7.5	0.5	33	10.9	0.3	33	10.3	0.3	33	10.9	0.3	30.1%	31.4%
7 - 10	28	1	3	1.0	0.3	21	8.9	0.4	28	10.9	0.4	28	10.6	0.4	28	11.2	0.4	10.1%	28.9%
11 - 12	23	1	5	4.3	0.9	22	13.8	0.6	23	15.2	0.7	23	15.5	0.7	23	16.4	0.7	1.5%	25.1%
13 - 16	13	-	8	18.2	2.3	14	15.2	1.1	13	15.4	1.2	13	15.4	1.2	13	16.2	1.2	-2.4%	14.6%
Other	-	-	-	-	-	-	-	-	-	-	-	-	4.7	-	-	4.9	-	-	-

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on establishing the management and administrative capacity required by the department to support the delivery of benefits to military veterans. Therefore, spending in the *Corporate Services* subprogramme is expected to increase over the medium term due to the development and implementation of ICT systems; administrative policies and procedures; provision of legal, cleaning and security services; and the communication and marketing of military veterans' assistance programmes. Spending in the *Office Accommodation* subprogramme is projected to decrease over this period due to the departmental head office building being acquired in 2013/14.

Expenditure in the *Management* subprogramme increased significantly between 2010/11 and 2012/13 due to the filling of critical posts and the operational requirements of the newly established department. The projected decrease in expenditure in this subprogramme between 2012/13 and 2013/14 was due to the restructuring emanating from the implementation of the newly revised approved budget programme structure. The expenditure on consultants over the medium term is mainly on service providers for the development and implementation of ICT systems, legal services, and external and internal audits. The use of consultants is necessary due to professional services required. The programme has a funded establishment of 97 posts and 20 posts were filled additional to the establishment. At the end of November 2013, the department had 51 filled permanent posts and 21 vacancies.

## Programme 2: Socio-Economic Support

### Objectives

- Provide socioeconomic support services to military veterans over the medium term by:
  - establishing and maintaining the credibility and security of the national military veterans' database through consolidating data, updating software and updating personal files of military veterans on an ongoing basis
  - facilitating access to benefits espoused in section 5 of the Military Veterans Act (2011) for eligible military veterans by 2016/17.
- Developing strategic partnerships with other organs of the state and in broader society to advance delivery on social services to military veterans and their dependants, where this is applicable, to ensure that:
  - 6 000 military veterans have decent housing over the medium term
  - 29 000 military veterans have access to health care services by 2016/17
  - 1 800 eligible military veterans and dependents across the country are provided with ongoing education support by 2016/17
  - targets agreed with service delivery agencies are achieved and the benefits accessed by military veterans as espoused in section 5 of the Military Veterans Act (2011), are reported on comprehensively by 2016/17.
- Provide strategic leadership to the socioeconomic sector by conducting ongoing research on pertinent issues affecting military veterans and by developing requisite policies; implementation norms and standards, strategies, guidelines and frameworks by 2016/17.

### Subprogrammes

- *Database and Benefits Management* establishes systems for the seamless transition of servicemen and women from active service to civilian life. The subprogramme also consolidates and ensures the credibility and security of the national military veterans' database and exercises oversight on governance obligations and resources allocated to this unit for delivery on the relevant provisions of the Military Veterans Act (2011). In 2012/13, the focus was on verifying the status of military veterans conducting electronic clean-up activities and capturing their personal files. 342 interviews were conducted and 14 487 personal files were updated. By the end of September 2013, 56 662 names of veterans had been captured on the database. This subprogramme had a staff complement of 2 in 2013/14.
- *Healthcare and Wellbeing Support* facilitates the provision of healthcare services and wellbeing support to military veterans, including disease prevention initiatives. In 2012/13, 4 293 military veterans were registered on the South African Military Health Service database to receive health services and 954 healthcare cards were issued to qualifying veterans. In 2013/14, military veterans were given access to counselling services through the Military Veterans Healthcare Practitioner Association and the military health support service. In addition, 4 851 veterans gained access to health care services. This subprogramme had a permanent staff complement of 2, augmented by 9 contract workers, in 2013/14.
- *Socio Economic Support Management* develops norms and standards for the provision of education, public transport, pension, housing and social relief of distress for military veterans eligible for such support; establishes strategic partnerships to advance service delivery; tracks delivery by service providers on agreed targets; ensures continuous improvement; and reports on service delivery. This entails ensuring that legal instruments for the provision of socioeconomic support services to military veterans, such as housing, pensions and transport, are put in place. In 2012/13, a memorandum of understanding was signed by the department and the Department of Human Settlements for the provision of houses to military veterans. By the end of September 2013, 100 bursaries had been given to military veterans and their dependants and houses had been provided for 2 World War II veterans. This subprogramme had a staff complement of 2 in 2013/14.

## Expenditure estimates

**Table 22.28 Socio Economic Support**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Database and Benefits Management	-	-	-	22.5	-	18.4%	13.7	12.8	11.7	-19.6%	7.1%
Healthcare and Wellbeing Support	-	-	-	27.0	-	22.1%	37.1	38.8	40.9	14.9%	16.9%
Socio Economic Support Management	-	-	-	72.7	-	59.5%	117.2	215.8	242.8	49.5%	76.0%
<b>Total</b>	-	-	-	<b>122.2</b>	-	<b>100.0%</b>	<b>168.1</b>	<b>267.5</b>	<b>295.4</b>	<b>34.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				122.2			168.1	267.5	295.4		

### Economic classification

<b>Current payments</b>	-	-	-	<b>122.2</b>	-	<b>100.0%</b>	<b>168.1</b>	<b>267.5</b>	<b>295.4</b>	<b>34.2%</b>	<b>100.0%</b>
Compensation of employees	-	-	-	12.6	-	10.3%	14.6	15.4	16.2	8.7%	6.9%
Goods and services	-	-	-	109.6	-	89.7%	153.5	252.1	279.2	36.6%	93.1%
<i>of which:</i>											
Housing	-	-	-	60.0	-	49.1%	103.0	201.1	227.4	55.9%	69.3%
Travel and subsistence	-	-	-	4.7	-	3.9%	5.0	5.6	4.0	-5.3%	2.3%
Training and development	-	-	-	4.6	-	3.8%	3.7	3.9	4.1	-4.1%	1.9%
<b>Total</b>	-	-	-	<b>122.2</b>	-	<b>100.0%</b>	<b>168.1</b>	<b>267.5</b>	<b>295.4</b>	<b>34.2%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure				34.8%			33.3%	44.1%	46.1%		

## Personnel information

**Table 22.29 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Socio Economic Support	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary level	28	9	6	-	-	23	12.6	0.5	28	14.6	0.5	28	15.4	0.5	28	16.2	0.6	6.8%	100.0%
1 - 6	1	9	-	-	-	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.3	0.3	-	3.7%
7 - 10	6	-	1	-	-	4	1.7	0.4	6	1.9	0.3	6	2.0	0.3	6	2.0	0.3	14.5%	20.6%
11 - 12	11	-	2	-	-	10	4.2	0.4	11	5.3	0.5	11	5.5	0.5	11	5.8	0.5	3.2%	40.2%
13 - 16	10	-	3	-	-	8	6.5	0.8	10	7.1	0.7	10	7.6	0.8	10	8.1	0.8	7.7%	35.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on filling the remaining critical posts and building sufficient capacity to ensure that military veterans receive socioeconomic support and benefits. Expenditure in the *Socio Economic Support Management* subprogramme is therefore expected to increase over the medium term, mainly to fund the provision of 6 000 houses to deserving military veterans and award bursaries to deserving military veterans and their dependents. The projected expenditure increase over the medium term under the *Healthcare and Wellbeing Support* subprogramme is focused on funding health care services for military veterans. The bulk of the increased spending is reflected in expenditure on consultants, where R94 million will be spent over the medium term for health care.

The projected expenditure increase in 2013/14 in the *Database and Benefits Management* subprogramme was to fund the collection, verification and refinement of collected veterans' data to ensure the accuracy and reliability of the information. The projected decrease in expenditure in this subprogramme over the medium term is due to the collected data requiring ongoing verification and refinement. The programme has a funded establishment of 28 posts and 9 posts additional to the establishment were filled. At the end of November 2013, the department had 7 filled permanent posts and 16 vacancies. The use of consultants is necessary due to professional services required.

## Programme 3: Empowerment and Stakeholder Management

### Objectives

- Ensure the empowerment of deserving military veterans by:
  - establishing a fully functional special purpose vehicle that will facilitate business opportunities for development by 2014/15
  - forming partnerships with 30 private sector companies and other organs of state and entering into service level agreements and memorandums of understanding over the medium term
  - monitoring and evaluating the implementation of the agreements and memorandums of understanding to ensure that support is provided on an annual basis
  - concluding 12 formal agreements with institutions of higher learning for the provision of skills development over the medium term
  - facilitating the association of military veterans with the international community through the establishment of relevant exchange programmes
  - ensuring that 10 strategic initiatives are established at national, continental and international levels by 2014/15
  - providing 9 000 deserving military veterans with access to relevant training and skills development over the medium term
  - facilitating the integration of military veterans into the national workforce on an ongoing basis.

### Subprogrammes

- *Provincial Offices and Stakeholder Relations* facilitates and coordinates military veteran stakeholder institutions and provides administrative support to secure stakeholders from both public and private institutions willing to contribute towards the wellbeing of military veterans. In 2012/13, 4 partnerships were formed with other government departments, including the Department of Rural Development and Land Reform. In 2013/14, the focus was on establishing and capacitating provincial offices by completing the staff employment processes and negotiating adequate office space in provinces with the relevant authorities. In addition, the South African National Military Veterans Association was supported in enhancing the strengthening of relations with key stakeholders. The association will be assisted in developing its programme of action and financial management systems and the provision of funds for effective governance will be facilitated. The department will ensure that all requisite institutions assist in putting in place structures regulating the treatment of military veterans, including the appeals board and the advisory council, as per the Military Veterans Act (2011). This subprogramme had a permanent staff complement of 1, augmented by 1 contract worker, in 2013/14.
- *Empowerment and Skills Development* provides reskilling programmes and related activities to ensure that military veterans contribute positively to mainstream economic activities. In 2012/13, memorandums of agreements were reached with the Departments of Water Affairs and Environmental Affairs for the provision of jobs for military veterans in selected work areas. In 2013/14, 1 176 military veterans were employed or provided with work opportunities through other government departments and the private sector. This subprogramme had a permanent staff complement of 1, augmented by 3 contract workers, in 2013/14.
- *Heritage, Memorials, Burials and Honours* provides services to honour the contributions made by military veterans; and ensures that their memorials are adequately secured, articulated in a dignified manner and captured in historical texts. In 2012/13, 3 events took place to acknowledge the contribution that military veterans made in the struggle for democracy. In 2013/14, the focus was on preparatory work on the establishment of a Tomb of the Unknown Soldier; memorial sites and military veterans' graves. 65 military veterans were provided with burial support. There are plans to erect 8 memorial sites to facilitate the establishment of heroes' acres and monuments in every province, and to host 1 honouring function for military veterans in 2014/15. This subprogramme had a permanent staff complement of 1, augmented by 1 intern and 1 staff member seconded from the Department of Defence, in 2013/14.

## Expenditure estimates

**Table 22.30 Programme 3: Empowerment and Stakeholder Management**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Provincial Offices and Stakeholder Relations	-	-	-	11.1	-	14.5%	43.3	47.6	50.1	65.4%	26.1%
Empowerment and Skills Development	-	-	-	33.8	-	44.2%	100.2	104.8	110.3	48.4%	59.8%
Heritage, Memorials, Burials and Honours	-	-	-	31.6	-	41.4%	14.3	17.8	18.8	-15.9%	14.1%
<b>Total</b>	-	-	-	<b>76.5</b>	-	<b>100.0%</b>	<b>157.9</b>	<b>170.2</b>	<b>179.2</b>	<b>32.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				76.5			157.9	170.2	179.2		
<b>Economic classification</b>											
<b>Current payments</b>	-	-	-	<b>76.5</b>	-	<b>100.0%</b>	<b>157.9</b>	<b>170.2</b>	<b>179.2</b>	<b>32.8%</b>	<b>100.0%</b>
Compensation of employees	-	-	-	22.6	-	29.6%	25.1	25.6	27.0	6.0%	17.2%
Goods and services	-	-	-	53.8	-	70.4%	132.8	144.6	152.2	41.4%	82.8%
<i>of which:</i>											
Travel and subsistence	-	-	-	11.7	-	15.3%	40.0	43.8	44.8	56.4%	24.0%
Training and development	-	-	-	13.4	-	17.5%	71.4	75.4	80.3	81.8%	41.2%
<b>Total</b>	-	-	-	<b>76.5</b>	-	<b>100.0%</b>	<b>157.9</b>	<b>170.2</b>	<b>179.2</b>	<b>32.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>				<b>21.8%</b>			<b>31.3%</b>	<b>28.0%</b>	<b>28.0%</b>		

## Personnel information

**Table 22.31 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17			
<b>Empowerment and Stakeholder Management</b>																			
<b>Salary level</b>	<b>44</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>22.6</b>	<b>0.6</b>	<b>44</b>	<b>25.1</b>	<b>0.6</b>	<b>44</b>	<b>25.6</b>	<b>0.6</b>	<b>44</b>	<b>27.0</b>	<b>0.6</b>	<b>3.2%</b>	<b>100.0%</b>
1 - 6	3	-	1	-	-	3	0.6	0.2	3	0.7	0.2	3	0.7	0.2	3	0.8	0.3	-	7.0%
7 - 10	20	4	-	-	-	17	6.9	0.4	20	7.4	0.4	20	7.6	0.4	20	8.0	0.4	5.6%	44.8%
11 - 12	13	-	-	-	-	13	7.4	0.6	13	8.0	0.6	13	8.1	0.6	13	8.6	0.7	-	30.2%
13 - 16	8	-	3	-	-	7	7.6	1.1	8	9.0	1.1	8	9.1	1.1	8	9.6	1.2	4.6%	18.0%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on filling the remaining critical posts and building sufficient capacity to ensure that skills development services are provided to military veterans. Thus, the bulk of expenditure over the medium term is in the *Empowerment and Skills Development* subprogramme, which is expected to provide skills and empowerment programmes to 9 000 military veterans over the period.

Expenditure in the *Provincial Offices and Stakeholder Relations* subprogramme is expected to increase over the medium term in order to fund the provision of capacity and equipment in the provincial offices to allow the department to function effectively, and to fund the establishment of the South African National Military Veterans Association and two military veterans' governance structures.

Expenditure in the *Heritage, Memorials, Burials and Honour* subprogramme is expected to decrease in 2014/15, mainly due to the fact that the department will no longer prioritise medal parades. The gradual increase in expenditure over the medium term in this subprogramme is focused on funding the memorialisation of fallen military veterans and providing burial support. The increased expenditure will also see investments in military veterans' heritage projects; such as developing biographies and facilitating the erection of 8 military veterans' memorial sites, heroes' acres and monuments in every province.

The programme has a funded establishment of 44 posts and 4 posts were filled additional to the establishment. At the end of November 2013, the department had 5 filled permanent posts and 35 vacancies.

## Public entities and other agencies

### Armaments Corporation of South Africa

#### Mandate and strategic goals

The Armaments Corporation of South Africa derives its mandate from the Armscor Act (2003). Its mission is to meet the acquisition, maintenance and disposal needs of the Department of Defence and other clients in terms of defence matériel and related products and services. The corporation maintains strategic capabilities and technologies and promotes the local defence-related industry, ensuring that the South African National Defence Force receives quality equipment to carry out its mandate.

The corporation also manages the Simon's Town Naval Dockyard. The dockyard carries out planned preventative maintenance, corrective maintenance, reconstruction and repairs, and upgrades of all the South African Navy ships and submarines. The corporation, through its research and development facilities, provides operational research and comprehensive testing and evaluation services of defence systems and capabilities in both the military and civilian environments.

The corporation's strategic goals over the medium term are:

- continued focus and commitment on delivering on its role of acquiring equipment economically and efficiently
- ensure the growth and sustainability of the corporation
- transformation of the corporation to grow human capabilities to support growth opportunities
- organisational effectiveness and efficiencies through infrastructure renewal
- review and maintain stakeholder relationships to optimise the corporation's brand positioning and marketing.

#### Selected performance indicators

**Table 22.32 Armaments Corporation of South Africa**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Contracts placed as a percentage of confirmed commitments from the Department of Defence	Management of defence matériel	Entity mandate	96.1% (R428m)	89.1% (R311m)	99.9% (R512m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Management of defence matériel		101.9% (R2.2bn)	86.2% (R1.8bn)	108.5% (R1.6bn)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence	Management of defence matériel		99.9% (R33m)	100% (R77.4m)	100% (R57.7m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Management of defence matériel		100.8% (R1.1bn)	94.4% (R997m)	115.3% (R618m)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence	Logistics support		97.9% (R1bn)	98.8% (R1.1bn)	88.8% (R1.1bn)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Logistics support		99.9% (R2.7bn)	100.1% (R3.6bn)	112.3% (R3.6bn)	90%	90%	90%	90%
Defence industrial participation credits awarded in terms of contractually agreed milestones	Administration		R1.58bn	R1.45bn	R75m	R136m	R440m	R358m	R18m
Execution of defence technology, research, test and evaluation activities as a percentage of planned activities	Management of strategic facilities: Research and development		96% (R83.0m)	95.5% (R186.2m)	94.5% (R183.8m)	90%	90%	90%	90%

## Programmes/activities/objectives

Table 22.33 Armaments Corporation of South Africa

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Administration	322.7	299.6	268.3	376.8	5.3%	22.4%	361.2	358.6	382.3	0.5%	18.2%
Quality assurance	67.2	68.7	66.8	86.4	8.7%	5.2%	90.3	94.7	101.6	5.5%	4.6%
Management of defence matériel acquisition	247.5	222.6	219.3	302.3	6.9%	17.5%	317.6	334.4	358.1	5.8%	16.1%
Logistics support	638.4	80.4	105.9	505.2	-7.5%	19.4%	532.0	560.4	590.6	5.3%	26.8%
Management of strategic facilities - Armscor dockyard	194.1	165.3	162.1	231.1	6.0%	13.2%	241.4	253.3	271.0	5.4%	12.2%
Management of strategic facilities - research & development	401.4	244.0	242.2	422.4	1.7%	22.2%	439.1	459.2	489.2	5.0%	22.2%
<b>Total expense</b>	<b>1 871.2</b>	<b>1 080.6</b>	<b>1 064.5</b>	<b>1 924.2</b>	<b>0.9%</b>	<b>100.0%</b>	<b>1 981.5</b>	<b>2 060.6</b>	<b>2 192.8</b>	<b>4.5%</b>	<b>100.0%</b>

## Expenditure estimates

Table 22.34 Armaments Corporation of South Africa

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>1 293.4</b>	<b>401.6</b>	<b>2 073.3</b>	<b>957.5</b>	<b>-9.5%</b>	<b>56.3%</b>	<b>880.9</b>	<b>924.9</b>	<b>971.2</b>	<b>0.5%</b>	<b>45.7%</b>
Sale of goods and services other than capital assets	1 202.2	305.2	308.1	838.9	-11.3%	35.9%	760.1	798.1	838.0	-0.0%	39.6%
<i>of which:</i>											
<i>Sales by market establishment</i>	1 202.2	305.2	308.1	838.9	-11.3%	35.9%	760.1	798.1	838.0	-0.0%	39.6%
Other non-tax revenue	91.2	96.4	1 765.2	118.6	9.2%	20.4%	120.8	126.8	133.1	3.9%	6.1%
<b>Transfers received</b>	<b>594.8</b>	<b>752.3</b>	<b>747.0</b>	<b>1 018.9</b>	<b>19.7%</b>	<b>43.7%</b>	<b>1 101.5</b>	<b>1 124.0</b>	<b>1 198.3</b>	<b>5.6%</b>	<b>54.3%</b>
<b>Total revenue</b>	<b>1 888.2</b>	<b>1 153.9</b>	<b>2 820.4</b>	<b>1 976.5</b>	<b>1.5%</b>	<b>100.0%</b>	<b>1 982.4</b>	<b>2 048.9</b>	<b>2 169.5</b>	<b>3.2%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>1 871.2</b>	<b>1 080.6</b>	<b>1 064.5</b>	<b>1 924.2</b>	<b>0.9%</b>	<b>100.0%</b>	<b>1 981.5</b>	<b>2 060.6</b>	<b>2 192.8</b>	<b>4.5%</b>	<b>100.0%</b>
Compensation of employees	639.6	682.0	696.2	858.6	10.3%	51.8%	935.5	1 005.6	1 081.1	8.0%	47.5%
Goods and services	1 205.8	372.2	337.6	1 028.2	-5.2%	46.0%	1 006.6	1 013.5	1 068.3	1.3%	50.5%
Depreciation	22.7	26.4	30.7	37.4	18.2%	2.1%	39.5	41.4	43.5	5.2%	2.0%
Interest, dividends and rent on land	3.1	-	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Total expenses</b>	<b>1 871.2</b>	<b>1 080.6</b>	<b>1 064.5</b>	<b>1 924.2</b>	<b>0.9%</b>	<b>100.0%</b>	<b>1 981.5</b>	<b>2 060.6</b>	<b>2 192.8</b>	<b>4.5%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>17.0</b>	<b>73.0</b>	<b>1 756.0</b>	<b>52.0</b>	<b>45.2%</b>		<b>-</b>	<b>(12.0)</b>	<b>(23.0)</b>	<b>-176.2%</b>	
<b>Statement of financial performance</b>											
Carrying value of assets	236.3	242.2	1 899.1	1 351.9	78.9%	43.6%	1 347.0	1 341.9	1 336.5	-0.4%	58.4%
<i>of which:</i>											
<i>Acquisition of assets</i>	-	-	45.5	67.5	-	1.1%	35.7	37.5	39.3	-16.5%	2.0%
Inventory	6.5	7.6	11.7	10.7	18.0%	0.6%	12.2	13.2	13.5	8.2%	0.5%
Receivables and prepayments	178.9	182.3	134.2	132.9	-9.4%	12.0%	136.9	141.4	151.3	4.4%	6.1%
Cash and cash equivalents	374.8	440.6	685.7	684.9	22.3%	34.5%	695.6	695.7	685.6	0.0%	30.0%
Defined benefit plan assets	124.1	137.7	134.0	126.3	0.6%	9.3%	118.3	110.3	100.3	-7.4%	4.9%
<b>Total assets</b>	<b>920.6</b>	<b>1 010.4</b>	<b>2 864.7</b>	<b>2 306.7</b>	<b>35.8%</b>	<b>100.0%</b>	<b>2 310.0</b>	<b>2 302.5</b>	<b>2 287.2</b>	<b>-0.3%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	75.0	75.0	1 756.2	612.9	101.4%	25.9%	613.8	602.0	578.7	-1.9%	26.1%
Capital and reserves	478.8	552.1	627.1	1 231.6	37.0%	45.5%	1 231.6	1 231.6	1 231.6	-	53.5%
Deferred income	24.7	69.1	136.5	97.3	58.0%	4.6%	81.0	65.3	54.5	-17.6%	3.2%
Trade and other payables	236.5	203.1	232.0	243.4	1.0%	16.1%	254.1	265.3	277.0	4.4%	11.3%
Provisions	105.6	111.1	112.9	121.4	4.8%	7.9%	129.6	138.3	145.4	6.2%	5.8%
<b>Total equity and liabilities</b>	<b>920.6</b>	<b>1 010.4</b>	<b>2 864.7</b>	<b>2 306.7</b>	<b>35.8%</b>	<b>100.0%</b>	<b>2 310.0</b>	<b>2 302.5</b>	<b>2 287.2</b>	<b>-0.3%</b>	<b>100.0%</b>

## Personnel information

**Table 22.35 Armaments Corporation of South Africa**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	1 567	1 567	1 454	696.2	0.5	1 567	858.6	0.5	1 739	935.5	0.5	1 739	953.7	0.6	1 739	1 025.3	0.7	8.0%	100.0%
1 – 6	137	137	122	14.1	0.1	137	22.8	0.2	203	17.7	0.1	203	19.0	0.1	203	20.4	0.1	-3.6%	9.8%
7 – 10	552	552	539	133.5	0.2	552	174.5	0.3	606	143.9	0.2	606	154.7	0.3	606	166.3	0.3	-1.6%	33.1%
11 – 12	418	418	386	177.1	0.5	418	201.6	0.5	431	191.5	0.4	431	205.9	0.5	431	221.3	0.5	3.2%	26.7%
13 – 16	451	451	405	368.0	0.9	451	421.4	0.9	491	497.6	1.0	491	534.9	1.1	491	575.0	1.2	10.9%	30.0%
17 – 22	9	9	2	3.5	1.8	9	38.3	4.3	8	84.8	10.6	8	91.1	11.4	8	98.0	12.2	36.7%	0.5%

1. Rand million.

## Expenditure trends

The main source of revenue for the Armaments Corporation of South Africa is transfer payments received from the Department of Defence and sales of goods and services such as redundant equipment. These payments increase at an average annual rate of 6 per cent and do not usually cover the corporation's total operational costs. Interest earned on its revenue is also used to finance operating expenditure.

The cost of sales line item, under goods and services, as well as sales figures, decreased between 2011/12 and 2012/13 due to an international accounting standard, which states that sales and cost of sales made on behalf of a principal must not be included in the financial statements of the agent. For budget purposes however, sales and cost of sales of the principal are included, hence an increase in these figures over the medium term.

The spending focus over the medium term is to meet the defence matériel requirements of the Department of Defence effectively, efficiently and economically.

Personnel costs remain the main contributor to the organisation's expenditure between 2010/11 and 2013/14, accounting for a little over 50 per cent of the total expenditure. The number of personnel is expected to increase from 1 567 in 2013/14 to 1 739 in 2016/17. This is mainly due to the filling of critical vacancies, including the chief executive officer and general manager. This is also due to the establishment of capabilities to fully support the South African Navy at the Simon's Town Naval Dockyard.

Consultants used are predominantly for legal services and mostly in litigation matters. It is expected that around R14.6 million will be spent on legal services over the medium term, which includes costs related to the Arms Procurement Commission. The entity has a funded establishment of 1 567 posts. There were 172 vacant posts at the end of November 2013 due to retirements and resignations. Most vacancies have been advertised and are in the process of being filled. Personnel numbers are expected to stabilise at 1 739 over the medium term.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Castle Control Board** preserves and protects the military and cultural heritage of the Castle of Good Hope in Cape Town. The board's total budget for 2014/15 is R5.8 million.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12		2013/14	2014/15	2015/16
<b>R million</b>									
<b>Departmental infrastructure</b>									
Rebuilding of the runway at Air Force Base Waterkloof	Upgrading of runway	Hand over	1 113.6	134.1	172.6	130.0	-	-	-
Construction of mess and living-in complex at the Military Health Training Formation in Thaba Tshwane to accommodate 1200 members	Construction of mess and living-in complex at the Military Health Training Formation in Thaba Tshwane to accommodate 1200 members	Construction	371.2	-	-	191.1	109.9	20.9	10.0
Relocation of air force base	Relocation of Air Force Base Durban to King Shaka Airport	Pre-feasibility	115.7	-	-	-	-	4.7	2.0
Prefabricated structures	Procurement of prefabricated classroom and office accommodation	Various	22.2	-	-	-	-	1.3	0.7
Demolishing of infrastructure	Demolition	Various	391.5	-	-	5.0	-	-	22.5
Construction of new fire station and control tower	Construction of fire station and control tower	Construction	2.6	-	-	0.1	2.5	-	-
Refurbishment of military hospitals	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Various	577.9	187.4	78.2	66.3	83.4	55.9	17.5
Upgrading of medical health facilities	Construction of examination rooms, operating theatres, administration sections, wards and mechanical systems	Various	304.1	42.5	38.0	30.4	58.0	12.0	22.0
Upgrading of kitchens	Construction and upgrading of kitchens at military bases	Identification	38.2	-	0.3	0.9	0.1	4.0	6.9
Construction of living-in accommodation	Construction of single and married housing units in the form of houses and flats to accommodate military personnel	Various	550.1	47.0	0.1	16.0	21.8	10.2	15.7
Refurbishment of military bases and units	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Various	6 725.6	261.4	185.4	829.8	750.6	798.5	846.5
Refurbishment of messes	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Various	178.1	-	1.4	62.5	64.9	22.6	8.0
Construction of office accommodation	Construction of offices to accommodate military personnel	Various	58.9	-	1.4	3.5	33.3	3.6	7.0
Upgrading of infrastructure for disabled members	Upgrading of buildings and pathways by means of the construction of ramps, installations of water closets, hand wash basins for members with disabilities	Various	16.0	0.2	1.4	1.4	1.5	5.5	6.0
Resurface of access roads	Resurface and fanning of access roads to military facilities	Various	1.9	-	-	-	-	1.7	0.2

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R million										
<b>Departmental infrastructure</b>										
Refurbishment of South African Defence Intelligence Centre	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Various	56.5	-	-	-	0.3	1.1	2.5	50.1
Security construction	Protection of state assets through the installation of security fences, gates, burglar bars, lights and monitor systems	Various	213.6	20.7	0.9	11.0	19.4	11.9	10.3	(0.3)
Refurbishment of Air Force Base Waterkloof single quarters	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Various	28.0	-	-	-	-	3.0	8.0	10.0
Specialised shipping containers	Construction of buildings in order to comply with legislation in the storage of ordinance	Various	6.8	5.4	-	1.4	-	-	-	-
Training facilities	Construction and upgrading of training facilities	Various	224.0	-	0.6	17.3	24.7	18.1	22.1	21.2
Water and electricity systems	Upgrading of water and electricity supply as well as sewerage reticulation	Various	45.9	-	-	2.8	16.4	9.4	7.7	9.7
Workshops and stores	Construction of workshops and stores	Various	109.0	-	50.4	13.8	10.4	12.0	7.3	2.0
Refurbishment of family quarters	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Various	115.5	-	-	-	-	25.5	17.0	14.0
Recoverable projects	Upgrading of buildings in military bases	Various	130.7	1.3	-	(1.4)	10.5	13.0	13.1	11.6
<b>Total</b>			<b>11 397.5</b>	<b>699.9</b>	<b>530.7</b>	<b>1 381.7</b>	<b>1 207.7</b>	<b>1 043.3</b>	<b>1 041.3</b>	<b>2 183.5</b>



# Vote 23

## Independent Police Investigative Directorate

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	73.2	71.9	0.5	0.9	72.4	73.9
Investigation and Information Management	151.1	149.2	0.0	1.8	164.7	177.0
Legal Services	5.7	5.7	–	0.0	5.8	6.7
Compliance Monitoring and Stakeholder Management	4.7	4.5	–	0.2	4.3	4.7
<b>Total expenditure estimates</b>	<b>234.7</b>	<b>231.3</b>	<b>0.5</b>	<b>2.9</b>	<b>247.2</b>	<b>262.3</b>

Executive authority Minister of Police  
Accounting officer Executive Director of the Independent Police Investigative Directorate  
Website address [www.ipid.gov.za](http://www.ipid.gov.za)

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

### Aim

*Ensure independent oversight of the South African Police Service and the Municipal Police Services. Conduct independent and impartial investigations of identified criminal offences allegedly committed by members of the South African Police Service and the Municipal Police Services and make appropriate recommendations.*

### Mandate

The Independent Police Investigative Directorate exercises its functions in accordance with the Independent Police Investigative Directorate Act (2011). The act gives effect to the provisions of section 206(6) of the Constitution, which provides for the establishment of an independent police complaints body, which must investigate any alleged misconduct of, or offence committed by, a member of the police service. The thrust of the directorate's work is to investigate serious and priority crimes allegedly committed by members of the South African Police Service and Municipal Police Services.

The Independent Police Investigative Directorate Act (2011), which came into effect on 1 April 2012, grants the directorate an extended mandate and changes the focus of the work of the directorate from a complaints driven organisation to one that prioritises the investigative function. The new act places stringent obligations on the South African Police Service and Municipal Police Services to report matters that must be investigated by the directorate and ensures the implementation of disciplinary recommendations made by the directorate.

### Strategic goals

The directorate's overarching goal is to contribute towards ensuring a police service that is trusted by the community and operates in line with the principles enshrined in the Constitution. In line with government's 12 outcomes, the directorate's medium term strategic focus is to contribute towards ensuring that all people in South Africa are and feel safe (outcome 3), focusing specifically on combating corruption within the justice, crime prevention and security cluster in order to enhance the cluster's effectiveness and ability to serve as a deterrent against crime (output 3).

The directorate's strategic goals over the medium term are to:

- provide oversight over the police service by conducting investigations without fear or favour, and in order to improve police conduct, follow up on recommendations made to the police service to ensure that they are acted upon
- ensure public awareness of its mandate and functions through community awareness programmes, media campaigns and the establishment of satellite offices to increase public accessibility to the directorate's services
- ensure an effective performance management system, including internal controls and external performance reporting procedures, to promote accountability
- establish an efficient case management system that ensures the effective completion of cases and the generation of recommendation and feedback reports within appropriate timeframes.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide for the overall management of the Independent Police Investigative Directorate and support services, including strategic support to the directorate.

### Programme 2: Investigation and Information Management

**Purpose:** Coordinate and facilitate the directorate's investigation processes through the development of policy and strategic frameworks that guide and report on investigations.

### Programme 3: Legal Services

**Purpose:** Manage and facilitate the provision of investigation advisory services, and provide legal, civil and labour litigation services.

### Programme 4: Compliance Monitoring and Stakeholder Management

**Purpose:** Safeguard the principles of cooperative governance and stakeholder relations. Monitor and evaluate the relevance and appropriateness of recommendations made to the South African Police Service and the Municipal Police Services in terms of the Independent Police Investigative Directorate Act (2011).

## Selected performance indicators

**Table 23.1 Independent Police Investigative Directorate**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of community outreach events conducted per year	Compliance Monitoring and Stakeholder Management	Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship	307	279 <sup>1</sup>	306	306	306	306	306
Percentage of cases registered and allocated within 72 hours of receipt <sup>2</sup>	Investigation and Information Management	Outcome 3: All people in South Africa are and feel safe	96% (5 644/5 869)	91% (4 499/4 923) <sup>1</sup>	86% (5 779/6 728)	98% (5 553/5 666)	98%	99%	100%

Table 23.1 Independent Police Investigative Directorate

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage of investigations of deaths while in police custody completed within 90 days	Investigation and Information Management	Outcome 3: All people in South Africa are and feel safe	- <sup>3</sup>	- <sup>3</sup>	60% (180/300)	65% (165/254)	65%	66%	67%
Percentage of investigations of deaths as a result of police action completed within 90 days	Investigation and Information Management		- <sup>3</sup>	- <sup>3</sup>	64% (319/499)	65% (256/394)	65%	66%	67%
Percentage of investigations of rape by a police officer completed within 90 days	Investigation and Information Management		- <sup>4</sup>	- <sup>4</sup>	72% (106/147)	55% (61/110) <sup>5</sup>	60%	61%	62%
Percentage of investigations of rape while in police custody completed within 90 days	Investigation and Information Management		- <sup>4</sup>	- <sup>4</sup>	55% (12/22)	63% (5/8)	60%	61%	62%

- The performance outcome for 2011/12 has been revised from what was published in the 2013 ENE to reflect the audited outcome as published in the directorate's 2011/12 annual report.
- This indicator previously measured cases registered and allocated within 48 hours, inclusive of weekends and public holidays. In order to accommodate cases received during weekends and public holidays, the timeframe was revised to 72 hours, starting in 2013/14. The performance outcome for the period 2010/11 to 2012/13 is therefore based on the timeframe of 48 hours.
- This indicator previously measured total deaths and did not distinguish between deaths in custody and deaths as a result of police action. Accordingly, no performance information is provided for 2010/11 and 2011/12 as the appropriate reporting on this indicator started in 2012/13.
- This indicator previously measured total investigations conducted and did not distinguish between the different types of investigations. Accordingly, no performance information is provided for 2010/11 and 2011/12 as the appropriate reporting on this indicator started in 2012/13.
- The decline in projected performance for 2013/14 is due to capacity challenges within the provinces. The directorate plans to appoint more investigators over the MTEF period to meet the demand from increased investigations.

## The national development plan

The national development plan highlights the need to ensure that all people in South Africa live safely in a corruption free society, with an independent and fair criminal justice system. The plan also states that inspiring public confidence in the criminal justice system is the most effective deterrent to criminality. The directorate's work is aligned with the plan through its focus on ensuring that the police service is trusted by the community, thus contributing to a capable state. In this regard, the directorate plays an essential role in promoting a transparent and accountable police service in South Africa by investigating criminal offences allegedly committed by members of the South African Police Service and Municipal Police Services as outlined in section 28 of the Independent Police Investigative Directorate Act (2011).

Over the medium term, the directorate plans to have, as an average, 66 per cent of investigations of deaths in custody and deaths as a result of police action completed within 90 days and 61 per cent of investigations of rape in custody and rape by a police officer completed within 90 days. Moreover, over this period, the directorate will continue to improve reporting, accountability practice and standard operating procedures to regulate investigations. This is to ensure progress in achieving the national development plan's Vision 2030 as it relates to ensuring that people in South Africa feel safe and enjoy a community life that is free of fear.

## Expenditure estimates

Table 23.2 Independent Police Investigative Directorate

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million						2010/11 - 2013/14					2013/14 - 2016/17	
Administration	54.2	68.1	70.3	88.4	88.4	17.8%	41.9%	73.2	72.4	73.9	-5.8%	32.0%
Investigation and Information Management	70.8	81.5	94.0	121.2	121.2	19.6%	54.8%	151.1	164.7	177.0	13.4%	63.9%
Legal Services	1.6	2.0	4.2	4.5	4.5	40.7%	1.8%	5.7	5.8	6.7	14.7%	2.4%
Compliance Monitoring and Stakeholder Management	1.8	1.9	3.0	2.8	2.8	15.5%	1.4%	4.7	4.3	4.7	18.2%	1.7%
<b>Total</b>	<b>128.4</b>	<b>153.5</b>	<b>171.4</b>	<b>217.0</b>	<b>217.0</b>	<b>19.1%</b>	<b>100.0%</b>	<b>234.7</b>	<b>247.2</b>	<b>262.3</b>	<b>6.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-	-			-	-	-		

**Table 23.2 Independent Police Investigative Directorate**

Economic classification	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
<b>Current payments</b>	<b>125.7</b>	<b>149.1</b>	<b>166.0</b>	<b>213.9</b>	<b>213.9</b>	<b>19.4%</b>	<b>97.6%</b>	<b>231.3</b>	<b>244.3</b>	<b>259.0</b>	<b>6.6%</b>	<b>98.7%</b>
Compensation of employees	71.8	78.1	96.0	131.9	131.9	22.5%	56.3%	162.3	169.9	178.0	10.5%	66.8%
Goods and services	53.9	71.0	70.0	82.0	82.0	15.0%	41.3%	68.9	74.4	81.1	-0.4%	31.9%
of which:												
Computer services	5.2	7.0	7.7	5.2	5.2	-0.1%	3.7%	5.6	11.2	14.6	40.7%	3.8%
Operating leases	15.6	22.8	13.2	21.4	21.4	11.2%	10.9%	17.9	19.6	23.4	3.0%	8.6%
Property payments	4.0	5.4	5.1	6.9	6.9	19.9%	3.2%	5.3	5.0	5.1	-9.4%	2.3%
Travel and subsistence	10.6	15.7	20.3	18.8	18.8	21.0%	9.7%	12.3	10.0	9.0	-21.8%	5.2%
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.1</b>	<b>2.1</b>	<b>0.1</b>	<b>0.1</b>	<b>23.7%</b>	<b>0.4%</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>58.0%</b>	<b>0.2%</b>
Departmental agencies and accounts	0.1	0.1	0.1	0.1	0.1	23.7%	0.1%	0.5	0.6	0.6	58.0%	0.2%
Households	-	-	2.0	-	-		0.3%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>2.7</b>	<b>4.4</b>	<b>3.3</b>	<b>2.9</b>	<b>2.9</b>	<b>3.4%</b>	<b>2.0%</b>	<b>2.9</b>	<b>2.3</b>	<b>2.7</b>	<b>-2.4%</b>	<b>1.1%</b>
Machinery and equipment	2.7	4.4	3.3	2.9	2.9	3.4%	2.0%	2.9	2.3	2.7	-2.4%	1.1%
<b>Total</b>	<b>128.4</b>	<b>153.5</b>	<b>171.4</b>	<b>217.0</b>	<b>217.0</b>	<b>19.1%</b>	<b>100.0%</b>	<b>234.7</b>	<b>247.2</b>	<b>262.3</b>	<b>6.5%</b>	<b>100.0%</b>

## Personnel information

**Table 23.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Independent Police Investigative Directorate	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
	349	-	349	96.0	0.3	349	131.9	0.4	393	162.3	0.4	393	169.9	0.4	393	178.0	0.5	4.0%	100.0%
1 - 6	92	-	93	13.1	0.1	92	16.1	0.2	98	20.0	0.2	98	20.8	0.2	98	21.7	0.2	2.1%	25.3%
7 - 10	195	-	194	52.0	0.3	195	69.7	0.4	227	93.8	0.4	227	97.9	0.4	227	102.3	0.5	5.2%	57.3%
11 - 12	30	-	30	13.4	0.4	30	18.2	0.6	34	18.3	0.5	34	19.2	0.6	34	20.3	0.6	4.3%	8.6%
13 - 16	32	-	32	17.4	0.5	32	27.9	0.9	34	30.3	0.9	34	32.0	0.9	34	33.7	1.0	2.0%	8.8%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on enhancing the directorate's investigative capacity to conduct successful and high quality investigations within 90 days of registration. This will ensure that communities feel safe and trust that the police service operates in line with the Constitution. Consistent with the spending focus and due to the labour intensive nature of investigations, the bulk of spending over the medium term will be in the *Investigation and Information Management* programme, and mainly on compensation of employees. This programme's allocation over the medium term will allow the directorate to prioritise the investigation of deaths in custody and deaths as a result of police action. This is expected to increase the proportion of cases completed for both types of investigations within 90 days, from 65 per cent in 2013/14 to 67 per cent in 2016/17.

To achieve this performance target, the directorate has realigned its budget with its plans to increase the number of investigators over the medium term. In this regard, Cabinet has approved a reprioritisation of R3.1 million in 2014/15, R4 million in 2015/16 and R4.9 million in 2016/17 from goods and services in the *Administration* programme to compensation of employees in the *Investigation and Information Management* programme. The directorate plans to appoint an additional 44 staff over the medium term, mainly investigators, thus increasing the approved establishment from 349 posts in 2013/14 to 393 in 2016/17. This explains the expected increase in expenditure on compensation of employees and training and development over the medium term. The

directorate will also fill the 37 posts that were vacant as a result of natural attrition at the end of November 2013.

As part of this realignment of the department's budget, the *Compliance Monitoring and Stakeholder Management* programme has been established as a standalone unit, whereas previously its functions had been performed by the *Investigation and Information Management* programme. Expenditure in the *Compliance Monitoring and Stakeholder Management* programme is expected to increase as the directorate plans to maintain the number of community outreach programmes conducted at 306 events annually to ensure that community members have greater access to its services.

## Departmental receipts

Table 23.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2010/11 - 2013/14	2014/15		
R thousand												
<b>Departmental receipts</b>	<b>168</b>	<b>125</b>	<b>179</b>	<b>253</b>	<b>253</b>	<b>14.6%</b>	<b>100.0%</b>	<b>189</b>	<b>198</b>	<b>218</b>	<b>-4.8%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>89</b>	<b>111</b>	<b>136</b>	<b>111</b>	<b>134</b>	<b>14.6%</b>	<b>64.8%</b>	<b>117</b>	<b>123</b>	<b>135</b>	<b>0.2%</b>	<b>59.3%</b>
Sales by market establishments	42	61	75	83	76	21.9%	35.0%	56	59	65	-5.1%	29.8%
of which:												
Market establishments: Rental parking: Covered and open	42	61	75	83	76	21.9%	35.0%	56	59	65	-5.1%	29.8%
Other sales	47	50	61	28	58	7.3%	29.8%	61	64	70	6.5%	29.5%
of which:												
Service rendered: Commission insurance and garnishees	47	50	61	28	58	7.3%	29.8%	61	64	70	6.5%	29.5%
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>0.8%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.5%</b>
of which:												
List item	-	-	2	1	4	-	0.8%	-	-	-	-100.0%	0.5%
<b>Interest, dividends and rent on land</b>	<b>5</b>	<b>-1</b>	<b>-</b>	<b>44</b>	<b>4</b>	<b>-7.2%</b>	<b>1.1%</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>-9.1%</b>	<b>1.3%</b>
Interest	5	-1	-	44	4	-7.2%	1.1%	2	2	3	-9.1%	1.3%
<b>Sales of capital assets</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions in financial assets and liabilities</b>	<b>74</b>	<b>13</b>	<b>41</b>	<b>97</b>	<b>111</b>	<b>14.5%</b>	<b>33.0%</b>	<b>70</b>	<b>73</b>	<b>80</b>	<b>-10.3%</b>	<b>38.9%</b>
<b>Total</b>	<b>168</b>	<b>125</b>	<b>179</b>	<b>253</b>	<b>253</b>	<b>14.6%</b>	<b>100.0%</b>	<b>189</b>	<b>198</b>	<b>218</b>	<b>-4.8%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 23.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16
R million												
Department Management	3.8	4.8	9.0	7.3	24.5%	8.8%	9.0	9.3	9.7	9.9%	11.4%	
Corporate Services	29.9	41.9	35.6	51.1	19.6%	56.4%	32.0	29.4	29.5	-16.7%	46.2%	
Office Accommodation	8.1	8.6	9.1	9.6	5.7%	12.6%	10.2	10.7	10.8	4.0%	13.4%	
Internal Audit	1.2	2.0	2.8	3.7	47.3%	3.4%	4.0	4.2	4.4	6.1%	5.3%	
Finance Services	11.2	10.9	13.8	16.7	14.1%	18.7%	18.0	18.8	19.4	5.1%	23.7%	
<b>Total</b>	<b>54.2</b>	<b>68.1</b>	<b>70.3</b>	<b>88.4</b>	<b>17.8%</b>	<b>100.0%</b>	<b>73.2</b>	<b>72.4</b>	<b>73.9</b>	<b>-5.8%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				-			-	-	-			

Table 23.5 Administration

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Current payments</b>	<b>53.1</b>	<b>66.0</b>	<b>67.0</b>	<b>87.2</b>	<b>18.0%</b>	<b>97.2%</b>	<b>71.9</b>	<b>71.4</b>	<b>72.8</b>	<b>-5.8%</b>	<b>98.5%</b>
Compensation of employees	23.3	26.0	31.2	41.7	21.3%	43.5%	39.2	41.2	43.2	1.2%	53.7%
Goods and services	29.7	40.0	35.8	45.5	15.2%	53.8%	32.6	30.2	29.6	-13.3%	44.8%
of which:											
Computer services	1.9	5.4	3.2	3.1	18.5%	4.8%	1.6	0.7	0.4	-48.6%	1.9%
Operating leases	12.0	14.1	10.7	14.4	6.3%	18.2%	11.1	11.3	11.3	-7.6%	15.6%
Property payments	2.6	3.8	3.4	4.3	18.5%	5.0%	3.2	2.9	2.9	-11.9%	4.3%
Travel and subsistence	3.2	4.5	4.8	6.0	23.2%	6.6%	4.3	4.1	4.2	-10.9%	6.1%
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.1</b>	<b>2.0</b>	<b>0.1</b>	<b>22.8%</b>	<b>0.8%</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>57.9%</b>	<b>0.5%</b>
Departmental agencies and accounts	0.1	0.1	0.1	0.1	22.8%	0.1%	0.5	0.5	0.5	57.9%	0.5%
Households	-	-	1.9	-	-	0.7%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>1.0</b>	<b>2.0</b>	<b>1.2</b>	<b>1.1</b>	<b>3.4%</b>	<b>1.9%</b>	<b>0.9</b>	<b>0.5</b>	<b>0.5</b>	<b>-23.7%</b>	<b>1.0%</b>
Machinery and equipment	1.0	2.0	1.2	1.1	3.4%	1.9%	0.9	0.5	0.5	-23.7%	1.0%
<b>Total</b>	<b>54.2</b>	<b>68.1</b>	<b>70.3</b>	<b>88.4</b>	<b>17.8%</b>	<b>100.0%</b>	<b>73.2</b>	<b>72.4</b>	<b>73.9</b>	<b>-5.8%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	42.2%	44.4%	41.0%	40.8%			31.2%	29.3%	28.2%		

## Personnel information

Table 23.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	Unit Cost	Cost	2013/14	Unit Cost	Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17		
<b>Administration</b>			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	129	-	138	31.2	0.2	129	41.7	0.3	111	39.2	0.4	111	41.2	0.4	111	43.2	0.4	-4.9%	100.0%
1 - 6	60	-	69	9.5	0.1	60	11.8	0.2	45	9.1	0.2	45	9.5	0.2	45	9.9	0.2	-9.1%	42.2%
7 - 10	46	-	46	10.7	0.2	46	14.6	0.3	40	12.7	0.3	40	13.3	0.3	40	13.9	0.3	-4.6%	35.9%
11 - 12	14	-	14	3.9	0.3	14	6.4	0.5	16	8.6	0.5	16	9.1	0.6	16	9.6	0.6	4.6%	13.4%
13 - 16	9	-	9	7.0	0.8	9	8.8	1.0	10	8.8	0.9	10	9.3	0.9	10	9.8	1.0	3.6%	8.4%

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

## Expenditure trends

The spending focus over the medium term will be on capacitating the directorate's administrative support services and enhancing its internal control environment to ensure good governance and that the directorate delivers on its mandate. Accordingly, the bulk of expenditure over the medium term will go to internal control and the strengthening of security, as well as the implementation and maintenance of the directorate's ICT system in the *Corporate Services* and *Internal Audit* subprogrammes.

Spending in the programme increased significantly between 2010/11 and 2013/14, due to the allocation of additional funding to provide for the restructuring of the department in 2011/12 and 2012/13, following the introduction of the Independent Police Investigative Directorate Act (2011). This led to an increase in personnel numbers and spending on compensation of employees, mainly in the *Corporate Services* and *Financial Administration* subprogrammes. In the same year, the department moved into a new building, which increased operating lease payments significantly from 2011/12 onwards. Over the medium term, spending in the *Corporate Services* subprogramme is expected to decrease, due to a reprioritisation of R3.1 million in 2014/15, R4 million in 2015/16 and R4.9 million in 2016/17 from this programme to the *Investigation and Information Management* programme. This is in order to capacitate the directorate's investigation function to improve the turnaround time for finalising and referring investigations to the appropriate authorities and giving feedback to complainants. This also explains the overall decrease in spending on goods and services over the same period.

Spending on consultants in this programme caters for functions that cannot be performed internally, such as the regularity audit conducted by the auditor general, selected employee wellness programmes and the verification of qualifications. The number of personnel is expected to decrease from 129 in 2013/14 to 111 in 2016/17, mainly due to the reallocation of funded posts from this programme to the *Investigation and Information Management* programme to strengthen the directorate's investigative capacity. At the end of November 2013, there were 12 vacant posts, mainly due to internal promotions. The directorate expects to fill these vacancies by the end of the first quarter of 2014/15.

## Programme 2: Investigation and Information Management

### Objectives

- Strengthen the directorate's oversight role over the police service by:
  - conducting investigations, within the powers granted to the directorate by the Independent Police Investigative Directorate Act (2011), within 90 days of receipt of a complaint
  - making appropriate recommendations on investigations in the various investigation categories within 30 days and submitting feedback to complainants within 30 days of the closure of the investigation.
- Enhance efficiency in case management over the medium term by increasing the percentage of cases registered and allocated within 72 hours of receipt from 86 per cent in 2012/13 to 100 per cent in 2016/17.
- Maintain relationships with other state security agencies, such as the South African Police Service, the National Prosecuting Authority, Civilian Secretariat for Police and community stakeholders, through ongoing national and provincial engagement forums.

### Subprogrammes

- *Investigation Management* develops and maintains investigation systems, procedures, norms, standards and policies in line with the Independent Police Investigative Directorate Act (2011) and other relevant prescripts. In 2012/13, the subprogramme had a budget of R934 000, which was used to facilitate the timely submission of recommendation reports to the executive director and Minister of Police. In the first half of 2013/14, the directorate received 96 cases of rape by a police officer for investigation, of which 54 were completed within 90 days. This subprogramme had a staff complement of 2 in 2013/14.
- *Investigation Services* manages and conducts investigations in line with provisions in the Independent Police Investigative Directorate Act (2011). In 2012/13, the subprogramme had a budget of R90.8 million and key outputs included 1 088 recommendations for various offences, of which 545 were referred to the National Prosecuting Authority for decision. The remaining 543 recommendations were not referred, as allegations were unsubstantiated and did not warrant a recommendation to be forwarded to the National Prosecuting Authority. In the first half of 2013/14, 788 recommendations were made to the South African Police Service and the National Director of Public Prosecutions for disciplinary action and prosecutions. This subprogramme had a staff complement of 196 in 2013/14.
- *Information Management* manages information and knowledge management services through the development and maintenance of a case flow management system and database; and analyses and compiles statistical information. This entails registering and allocating 98 per cent of new cases within 72 hours of receipt, generating all disciplinary and criminal recommendation reports within 30 days of completing investigations, and generating all feedback reports to complainants, victims and referral authorities within 30 days of case closures. In 2012/13, the subprogramme had a budget of R2.3 million. A key output was the registration and allocation of 5 779 of 6 728 cases within 48 hours of receipt. In the first half of 2013/14, 89 per cent or 2 479 cases received were registered and allocated within 72 hours, against an annual target of 98 per cent or 2 797 cases. This subprogramme had a staff complement of 10 in 2013/14.

## Expenditure estimates

**Table 23.7 Investigation and Information Management**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Investigation Management	1.4	2.0	0.9	1.6	5.0%	1.6%	4.2	8.1	12.5	96.9%	4.3%
Investigation Services	65.4	75.4	90.8	115.0	20.7%	94.3%	141.7	151.8	159.3	11.5%	92.5%
Information Management	4.0	4.1	2.3	4.6	5.0%	4.1%	5.2	4.8	5.2	4.0%	3.2%
<b>Total</b>	<b>70.8</b>	<b>81.5</b>	<b>94.0</b>	<b>121.2</b>	<b>19.6%</b>	<b>100.0%</b>	<b>151.1</b>	<b>164.7</b>	<b>177.0</b>	<b>13.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				4.3			-	-	-		

### Economic classification

	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
<b>Current payments</b>	<b>69.2</b>	<b>79.2</b>	<b>92.0</b>	<b>119.8</b>	<b>20.1%</b>	<b>98.0%</b>	<b>149.2</b>	<b>162.9</b>	<b>175.0</b>	<b>13.5%</b>	<b>98.8%</b>
Compensation of employees	45.5	49.1	59.5	84.6	23.0%	64.9%	114.4	119.6	125.1	13.9%	72.3%
Goods and services	23.7	30.1	32.4	35.2	14.0%	33.0%	34.9	43.4	49.9	12.4%	26.6%
of which:											
Computer services	3.3	1.6	4.2	2.0	-15.2%	3.0%	3.8	10.4	13.4	88.0%	4.8%
Operating leases	3.6	8.7	2.5	7.0	24.9%	5.9%	6.7	8.3	12.0	19.5%	5.5%
Property payments	1.4	1.5	1.6	2.5	21.7%	1.9%	2.0	2.1	2.2	-5.1%	1.4%
Travel and subsistence	7.2	10.8	14.8	12.1	19.2%	12.2%	7.5	5.5	4.4	-28.8%	4.8%
Transfers and subsidies	-	-	0.1	0.0	-	-	0.0	0.0	0.0	63.0%	-
Households	-	-	0.1	-	-	-	-	-	-	-	-
Payments for capital assets	1.6	2.3	1.9	1.4	-3.8%	2.0%	1.8	1.7	2.0	12.3%	1.1%
Machinery and equipment	1.6	2.3	1.9	1.4	-3.8%	2.0%	1.8	1.7	2.0	12.3%	1.1%
<b>Total</b>	<b>70.8</b>	<b>81.5</b>	<b>94.0</b>	<b>121.2</b>	<b>19.6%</b>	<b>100.0%</b>	<b>151.1</b>	<b>164.7</b>	<b>177.0</b>	<b>13.4%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	55.1%	53.1%	54.9%	55.9%			64.4%	66.6%	67.5%		

## Personnel information

**Table 23.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Investigation and Information Management	Number of posts estimated for 31 March 2014	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
Salary level	208	-	199	59.5	0.3	208	84.6	0.4	265	114.4	0.4	265	119.6	0.5	265	125.1	0.5	8.4%	100.0%
1 - 6	29	-	21	3.3	0.2	29	3.9	0.1	48	9.8	0.2	48	10.3	0.2	48	10.7	0.2	18.3%	17.2%
7 - 10	148	-	147	40.9	0.3	148	54.7	0.4	186	80.7	0.4	186	84.2	0.5	186	87.9	0.5	7.9%	70.4%
11 - 12	12	-	12	7.9	0.7	12	9.9	0.8	12	6.5	0.5	12	6.8	0.6	12	7.2	0.6	-	4.8%
13 - 16	19	-	19	7.5	0.4	19	16.1	0.8	19	17.4	0.9	19	18.3	1.0	19	19.3	1.0	-	7.6%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on investigating matters as outlined in section 28 of the Independent Police Investigative Directorate Act (2011) in order to contribute towards making sure that people in South Africa are and feel safe (outcome 3). Accordingly, 92.5 per cent of the budget over the medium term is allocated to the *Investigation Services* subprogramme. This allocation is expected to increase the proportion of cases registered and allocated within 72 hours of receipt from 98 per cent in 2013/14 to 100 per cent in 2016/17. To achieve this, the department expects an increase in the number of personnel in the programme from 208 in 2013/14 to 265 over the medium term. This is expected to increase expenditure on compensation of employees over the same period, some of which is to be funded from funds reprioritised from the *Administration* programme.

Expenditure in the *Investigation Management* subprogramme over the medium term is expected to increase significantly, mainly with regard to spending on computer services. The increase is due to the centralisation of operating expenses for computer services from *Investigation Services* to *Investigation Management*.

Spending in the *Investigation Services* subprogramme increased significantly between 2010/11 and 2013/14, due to the increased number of mandatory investigations conducted under the Independent Police Investigative Directorate Act (2011) and the building of investigative support capacity required to manage the increase. This also accounts for the increase in expenditure on travel and subsistence and the training of investigators, which grew at average annual rates of 19.2 per cent and 48.5 per cent between 2010/11 and 2013/14. The significant increase in expenditure on compensation of employees between 2010/11 and 2013/14 is due to enhanced investigative support capacity.

The programme had a funded establishment of 208 posts, 22 of which were vacant at the end of November 2013. These vacancies were mainly in the *Investigation Management* and *Information Management* subprogrammes and were due to natural attrition. The directorate plans to fill the vacant posts and finalise the appointment of additional investigators by the end of 2014/15.

## Programme 3: Legal Services

### Objectives

- Ensure that investigations are conducted efficiently and within the ambit of the law by providing investigators with adequate legal advice and guidance on an ongoing basis, during and after completion of investigations.

### Subprogrammes

- *Legal Support and Administration* manages the directorate's legal obligations. It develops and maintains systems, procedures, norms and standards to support, guide and direct legal support within the directorate. This subprogramme had a budget of R1.3 million in 2012/13, which was mainly used to fund operating costs for managing the office of the chief director: legal services. This subprogramme had a staff complement of 2 in 2013/14.
- *Litigation Advisory Services* is responsible for the coordination of civil and labour litigation as well as the coordination of the granting of policing powers. The subprogramme's other key activities and outputs include the finalisation of received contracts and service level agreements. In 2012/13, this subprogramme had a budget of R1.6 million, which was used to facilitate the completion of 18 contracts and service level agreements. In the first half of 2013/14, the focus was on finalising contracts and service level agreements, providing legal opinion in terms of civil and labour matters, and reviewing legal compliance with the directorate's policies. This subprogramme had a staff complement of 3 in 2013/14.
- *Investigation Advisory Services* provides support during and after investigations, provides legal advice and guidance to investigators, and ensures that all cases that are forwarded for prosecution comply with the requirements of the prosecution process. In 2012/13, the subprogramme had a budget of R1.2 million and key activities and outputs included the provision of legal advice to investigators within 24 hours, followed by written advice within 48 hours of request. In the first half of 2013/14, legal advice and guidance was provided to investigators on an ongoing basis within 48 hours of request. Over the medium term, practice notes and directives will be issued to keep the department's investigators informed of the latest developments in criminal law, criminal procedure law and related case law. This subprogramme had a staff complement of 3 in 2013/14.

## Expenditure estimates

**Table 23.9 Legal Services**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Legal Support and Administration	–	–	1.3	1.4	–	22.4%	1.5	1.6	2.0	11.6%	28.3%
Litigation Advisory Services	1.6	2.0	1.6	1.5	-1.7%	55.3%	2.0	2.0	2.2	13.7%	34.1%
Investigation Advisory Services	–	–	1.2	1.5	–	22.4%	2.2	2.3	2.5	18.3%	37.6%
<b>Total</b>	<b>1.6</b>	<b>2.0</b>	<b>4.2</b>	<b>4.5</b>	<b>40.7%</b>	<b>100.0%</b>	<b>5.7</b>	<b>5.8</b>	<b>6.7</b>	<b>14.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				–			–	–	–		
<b>Current payments</b>	<b>1.6</b>	<b>2.0</b>	<b>4.1</b>	<b>4.4</b>	<b>40.8%</b>	<b>98.7%</b>	<b>5.7</b>	<b>5.7</b>	<b>6.5</b>	<b>13.8%</b>	<b>98.5%</b>
Compensation of employees	1.3	1.4	3.4	3.6	40.6%	78.3%	5.1	5.4	5.7	17.0%	87.2%
Goods and services	0.3	0.6	0.7	0.9	41.6%	20.5%	0.6	0.3	0.8	-1.5%	11.4%
of which:											
Computer services	0.1	0.0	0.1	0.0	-10.7%	2.1%	0.1	0.0	0.4	115.6%	2.6%
Operating leases	–	–	–	–	–	–	0.1	0.0	0.1	–	0.7%
Property payments	0.0	0.0	0.1	0.0	32.6%	1.0%	0.1	0.0	0.0	-12.1%	0.5%
Travel and subsistence	0.1	0.2	0.3	0.6	67.6%	9.9%	0.1	0.1	0.1	-36.9%	4.1%
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>29.1%</b>	<b>1.3%</b>	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>	<b>89.3%</b>	<b>1.5%</b>
Machinery and equipment	0.0	0.0	0.1	0.0	29.1%	1.3%	0.0	0.1	0.2	89.3%	1.5%
<b>Total</b>	<b>1.6</b>	<b>2.0</b>	<b>4.2</b>	<b>4.5</b>	<b>40.7%</b>	<b>100.0%</b>	<b>5.7</b>	<b>5.8</b>	<b>6.7</b>	<b>14.7%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	1.2%	1.3%	2.4%	2.1%			2.4%	2.4%	2.6%		

## Personnel information

**Table 23.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
<b>Legal Services</b>			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	8	–	8	3.4	0.4	8	3.6	0.4	10	5.1	0.5	10	5.4	0.5	10	5.7	0.6	7.7%	100.0%
1 – 6	3	–	3	0.4	0.1	3	0.4	0.1	3	0.6	0.2	3	0.6	0.2	3	0.7	0.2	–	31.6%
11 – 12	2	–	2	0.9	0.4	2	0.9	0.5	4	2.1	0.5	4	2.3	0.6	4	2.4	0.6	26.0%	36.8%
13 – 16	3	–	3	2.2	0.7	3	2.2	0.7	3	2.4	0.8	3	2.5	0.8	3	2.6	0.9	–	31.6%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on the provision of sound legal advice and guidance to ensure that cases forwarded for prosecution comply with legal requirements. The programme's budget over the medium term provides for an increase in the proportion of legal opinions provided to the directorate within 21 days of request, from 85 per cent in 2013/14 to 90 per cent in 2016/17, and contracts and service level agreements finalised by the directorate within 30 days of the request. This is to meet the expected increase in demand for investigation advisory services due to the projected increase in the number of investigations conducted by the *Investigation and Information Management* programme over the medium term.

The projected increase over the medium term in the proportion of legal opinions provided to the directorate within 21 days of request, and contracts and service level agreements finalised within 30 days of request, explains the significant anticipated growth in expenditure in *Investigation Advisory Services*, the programme's largest spending subprogramme. The directorate has realigned its budget to provide for the planned increase in the programme's staff complement, from 8 in 2013/14 to 10 over the medium term. The additional staff will increase the capacity of the newly established *Litigation Advisory Services* subprogramme. Expenditure on compensation of employees over the same period is expected to grow as a result.

The programme has a funded establishment of 8 posts, 3 of which were vacant at the end of November 2013 due to natural attrition. These vacant posts are expected to be filled by the end of 2013/14.

The increase in spending in this programme increased between 2010/11 and 2013/14, mainly due to an additional allocation in the 2012 budget to fund the increase in capacity. This additional allocation also accounts for the increase in spending on compensation of employees over this period. The increase in expenditure on goods and services, specifically on travel and subsistence, was due to consultations with various stakeholders, including the state attorney and state law advisors, on legal service matters relating to the implementation of the Independent Police Investigative Directorate Act (2011).

## Programme 4: Compliance Monitoring and Stakeholder Management

### Objectives

- Safeguard the principles of cooperative governance and stakeholder management through:
  - ongoing monitoring and evaluation of the quality of recommendations made to the South African Police Service and Municipal Police Services
  - ongoing monitoring and reporting on the police service's compliance with reporting obligations in terms of the Independent Police Investigative Directorate Act (2011).

### Subprogrammes

- *Compliance Monitoring* monitors and evaluates the quality of recommendations made and responsiveness received from the South African Police Service, Municipal Police Services and National Prosecuting Authority in compliance with the reporting obligations in terms of the Independent Police Investigative Directorate Act (2011). In 2012/13, when this subprogramme was under the *Investigation and Information Management* programme, it had a budget of R2.6 million. Key outputs included 84 disciplinary convictions on recommendations made by the directorate to the South African Police Service and 57 criminal convictions on directorate recommendations to the National Prosecuting Authority. In the first half of 2013/14, 210 disciplinary recommendations were made to the South African Police Service and 270 criminal recommendations were made to the National Prosecuting Authority. This subprogramme had a staff complement of 3 in 2013/14.
- *Stakeholder Management* manages relations and liaison with the directorate's key stakeholders, such as the South African Police Service, Municipal Police Services, Civilian Secretariat for Police, National Prosecuting Authority, Special Investigating Unit, Public Protector of South Africa, State Security Agency and civil society organisations in line with the requirements of the Independent Police Investigative Directorate Act (2011). In 2012/13, the subprogramme was part of the *Administration* programme and had a budget allocation of R398 000. The subprogramme held 5 engagements with key stakeholders in 2012/13 against a target of 4 engagements. In the first half of 2013/14, 6 out of the 12 planned engagements with key stakeholders for the year were held. This subprogramme had a staff complement of 1 in 2013/14.

### Expenditure estimates

**Table 23.11 Compliance Monitoring and Stakeholder Management**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Compliance Monitoring	1.5	1.5	2.6	2.4	17.8%	83.4%	2.3	2.2	2.3	-1.6%	55.9%
Stakeholder Management	0.4	0.4	0.4	0.4	5.1%	16.6%	2.4	2.1	2.4	78.0%	44.1%
<b>Total</b>	<b>1.8</b>	<b>1.9</b>	<b>3.0</b>	<b>2.8</b>	<b>15.5%</b>	<b>100.0%</b>	<b>4.7</b>	<b>4.3</b>	<b>4.7</b>	<b>18.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(4.3)			-	-	-		

**Table 23.11 Compliance Monitoring and Stakeholder Management**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Current payments</b>	<b>1.8</b>	<b>1.9</b>	<b>2.9</b>	<b>2.5</b>	<b>10.9%</b>	<b>95.5%</b>	<b>4.5</b>	<b>4.3</b>	<b>4.7</b>	<b>23.1%</b>	<b>96.7%</b>
Compensation of employees	1.7	1.7	1.9	2.0	6.8%	76.0%	3.6	3.8	4.0	25.2%	81.2%
Goods and services	0.2	0.2	1.0	0.5	40.9%	19.4%	0.9	0.5	0.7	13.0%	15.5%
of which:											
Computer services	0.0	0.0	0.1	0.1	160.9%	2.3%	0.1	0.2	0.3	60.4%	3.6%
Operating leases	-	-	0.1	-	-	0.7%	0.0	0.0	0.0	-	0.5%
Travel and subsistence	0.1	0.2	0.3	0.1	-0.2%	8.2%	0.3	0.2	0.2	20.9%	5.2%
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>0.3</b>	<b>-</b>	<b>4.5%</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>3.3%</b>
Machinery and equipment	-	-	0.1	0.3	-	4.5%	0.2	-	-	-100.0%	3.3%
<b>Total</b>	<b>1.8</b>	<b>1.9</b>	<b>3.0</b>	<b>2.8</b>	<b>15.5%</b>	<b>100.0%</b>	<b>4.7</b>	<b>4.3</b>	<b>4.7</b>	<b>18.2%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	1.4%	1.2%	1.7%	1.3%			2.0%	1.7%	1.8%		

## Personnel information

**Table 23.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Compliance Monitoring and Stakeholder Management	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
Salary level	4	-	4	1.9	0.5	4	2.0	0.5	7	3.6	0.5	7	3.8	0.5	7	4.0	0.6	20.5%	100.0%
1 - 6	-	-	-	-	-	-	-	-	2	0.4	0.2	2	0.4	0.2	2	0.4	0.2	-	24.0%
7 - 10	1	-	1	0.3	0.3	1	0.3	0.3	1	0.4	0.4	1	0.4	0.4	1	0.4	0.4	-	16.0%
11 - 12	2	-	2	0.8	0.4	2	0.9	0.5	2	1.0	0.5	2	1.1	0.6	2	1.2	0.6	-	32.0%
13 - 16	1	-	1	0.7	0.7	1	0.8	0.8	2	1.8	0.9	2	1.9	0.9	2	2.0	1.0	26.0%	28.0%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on safeguarding the principles of cooperative governance, which include monitoring the directorate's compliance with reporting obligations and the quality of recommendations referred to the police service and the National Prosecuting Authority; stakeholder management; and ensuring public awareness of the directorate's mandate and functions through community awareness programmes. The programme's allocation over the medium term will provide for the establishment and maintenance of stakeholder relations in order to meet the additional reporting obligations placed on the directorate by the Independent Police Investigative Directorate Act (2011). In this regard, the directorate conducted 306 community outreach programmes in 2012/13 and 2013/14, an increase of 27 from 2011/12, and expects to maintain this number over the medium term.

The bulk of spending across the seven-year period is on compensation of employees. To enhance the programme's capacity, the directorate plans to increase the funded establishment from 4 posts in 2013/14 to 7 posts in 2016/17. This is expected to increase expenditure on compensation of employees. The significant increase in the programme's budget in 2014/15 is to provide for once-off costs related to the establishment of this programme as a standalone unit from 2014/15. In 2015/16, the programme's budget will decrease by R400 000 as some of the establishment costs provided for in 2014/15 will have no carry through effect. The significant increase in spending in the *Stakeholder Management* subprogramme over the medium term is to provide for an expected increase in the number of personnel in this subprogramme, from 1 in 2013/14 to 3 in 2014/15. The programme had no vacant posts at the end of November 2013.

The significant growth in expenditure in the *Compliance Monitoring* subprogramme between 2010/11 and 2013/14 was due to the increased number of mandatory recommendations the directorate referred to the South

African Police Service, Municipal Police Services and the National Prosecuting Authority under the new act. Between 2010/11 and 2012/13, the directorate conducted an average of 297 community outreach events per year against a target of 272, which explains the significant growth in expenditure on travel and subsistence over the period.



# Vote 24

## Justice and Constitutional Development

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	1 853.5	1 831.9	6.2	15.4	1 944.3	2 140.1
Court Services	6 060.5	5 139.5	28.4	892.5	6 332.7	6 942.2
State Legal Services	925.0	909.1	7.4	8.4	1 004.8	1 069.7
National Prosecuting Authority	3 252.9	3 164.5	15.5	72.8	3 377.6	3 592.2
Auxiliary and Associated Services	3 070.0	621.2	2 108.4	340.4	3 255.4	3 419.6
<b>Subtotal</b>	<b>15 161.9</b>	<b>11 666.3</b>	<b>2 166.0</b>	<b>1 329.6</b>	<b>15 914.8</b>	<b>17 163.8</b>
<b>Direct charge against the National Revenue Fund</b>						
Judges' Salaries	829.0	779.4	49.6	–	873.7	920.1
Magistrates' Salaries	1 901.3	1 843.6	57.7	–	1 982.1	2 087.2
<b>Total expenditure estimates</b>	<b>17 892.1</b>	<b>14 289.2</b>	<b>2 273.3</b>	<b>1 329.6</b>	<b>18 770.7</b>	<b>20 171.0</b>

Executive authority Minister of Justice and Constitutional Development  
 Accounting officer Director General of Justice and Constitutional Development  
 Website address [www.justice.gov.za](http://www.justice.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Uphold and protect the Constitution and the rule of law, and render accessible, fair, speedy and cost effective administration of justice in the interests of a safer and more secure South Africa.*

### Mandate

In addition to its constitutional mandate, the Department of Justice and Constitutional Development derives its legislative mandate from a number of different acts, which cover all the categories of the department's functions. These include: the establishment and functioning of the superior courts, magistrates' courts and specialised courts; the appointment of judges and other judicial officers, their conditions of service, discipline and training; the establishment and functioning of the National Prosecuting Authority, the Special Investigating Unit and the Asset Forfeiture Unit, the conduct of criminal proceedings, the investigation of organised crime and corruption, and the forfeiture of assets obtained through illicit means; the establishment and functioning of bodies responsible for legal aid, law reform and rule making; the appointment of masters of the high courts and the administration of the Guardian's Fund and deceased and insolvent estates; the regulation and provisioning of legal advisory services to government departments; the promotion, protection and enforcement of certain human rights; the protection of vulnerable groups; and support to Chapter 9 institutions.

### Strategic goals

The strategic goals of the department relate to ensuring safer communities, fighting corruption and enhancing accountability in order for all people in South Africa to feel and be safe (outcome 3). In this regard, the department aims to strengthen its leadership role and ensure the effective coordination of the justice, crime prevention and security cluster in the delivery of this outcome.

The department facilitates the effective and efficient resolution of disputes by providing accessible, efficient and quality administrative support, thereby improving the finalisation rates of cases; helping to clear the backlogs of criminal, civil and family matters by the courts and justice service points; providing access to quality guardian and probate services for citizens; and giving the state better access to legal advice and services.

In addition, the department will direct its attention to the provision of effective and cost efficient state legal services that anticipate, meet and exceed stakeholder needs and expectations, thereby reducing the exposure of government to legal risk. The developmental function of the department is to promote the ability of citizens to exercise their constitutional rights by assisting other departments to comply with the Promotion of Administrative Justice Act (2000). The strategic goal of the National Prosecuting Authority is to improve the delivery of justice for victims of crime.

## Programme purposes

### Programme 1: Administration

**Purpose:** Manage the department, develop policies and strategies for the efficient administration of justice, and provide centralised support services.

### Programme 2: Court Services

**Purpose:** Facilitate the resolution of criminal and civil cases and family law disputes by providing accessible, efficient and quality administrative support to the courts and managing court facilities.

### Programme 3: State Legal Services

**Purpose:** Provide legal and legislative services to government. Supervise the registration of trusts and the administration of deceased and insolvent estates and estates undergoing liquidation. Manage the Guardian's Fund, prepare and promote legislation, facilitate constitutional development and undertake research in support of this.

### Programme 4: National Prosecuting Authority

**Purpose:** Provide a coordinated prosecuting service that: ensures justice is delivered to the victims of crime through general and specialised prosecutions; removes the profit from crime; and protects certain witnesses.

### Programme 5: Auxiliary and Associated Services

**Purpose:** Provide a variety of auxiliary services associated with the department's aim. Fund transfer payments to public entities, constitutional institutions and the President's Fund.

## Selected performance indicators

**Table 24.1 Justice and Constitutional Development**

Indicator	Programme	Outcome	Past			Current	Projections <sup>1</sup>		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of cases on the backlog roll	Court Services	Outcome 3: All people in South Africa are and feel safe	37 034	34 926	31 054	33 504	29 952	29 352	28 764
Average court hours per day	Court Services		3h50mins	4h	3h30mins	4h20mins	4h30mins	4h40mins	4h50mins
Number of criminal court cases finalised with verdict	National Prosecuting Authority		331 045	316 098	323 390	351 308	324 276 <sup>2</sup>	327 519	330 794
Number of criminal court cases finalised through alternative dispute resolution mechanisms	National Prosecuting Authority		129 846	132 695	143 410	142 357	149 204	152 188	155 232

**Table 24.1 Justice and Constitutional Development**

Indicator	Programme	Outcome	Past			Current	Projections <sup>1</sup>		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Overall conviction rate <sup>3</sup> :	National Prosecuting Authority								
- High courts			87.8% (954)	84.6% (963)	87.5% (1 045)	87% (1 002)	87% (979)	87% (989)	87% (999)
- Regional courts			73% (27 385)	74.3% (28 665)	75.1% (28 198)	74% (29 823)	74% (27 372)	74% (27 646)	74% (27 923)
- District courts			91% (265 348)	90.8% (251 030)	91.9% (261 591)	87% (281 589)	87% (266 849)	88% (269 517)	88% (272 213)
National Specialised Prosecution Services:	National Prosecuting Authority	Outcome 3: All people in South Africa are and feel safe							
- Total number of operational Thuthuzela care centres			27	30	35	43	50	55	60
- Number of persons convicted of corruption where the amount involved is more than R5 million			- <sup>4</sup>	- <sup>4</sup>	42	50	20 <sup>5</sup>	20	30
- Conviction rate on complex commercial crime			92.5% (742)	91.6% (754)	92.9% (639)	94% (796)	93% (919) <sup>6</sup>	93% (928)	93% (937)
Asset Forfeiture Unit:	National Prosecuting Authority								
- Number of completed forfeiture cases			320	300	302	312	324	337	350
- Value of completed forfeiture cases			R211.6m	R163.6m	R119m	R170m	R180m	R192m	R205m
- Number of freezing orders			333	318	276	281	281 <sup>5</sup>	281	281
- Value of freezing orders			R549.2m	R553.4m	R518m	R710m	R755m	R805m	R860m
- Success rate <sup>7</sup>	95.7% (314)	96.1% (295)	94.1% (289)	94% (312)	93% (301) <sup>8</sup>	93% (313)	93% (326)		

1. The projections in this column are based on the audited performance for 2012/13, taking into account current performance during 2013/14.

2. Decrease is due to an anticipated reduction in trial cases as a result of more cases finalised through admission of guilt fines and alternative dispute resolution mechanisms.

3. Percentage of cases finalised with a guilty verdict (including section 57A of the Criminal Procedure Act (1977) divided by the number of cases finalised with a verdict (excluding diversion).

4. This indicator was introduced in 2012/13; hence there is no historical data.

5. The focus over the medium term is on more serious cases (high value corruption cases) with huge impact rather than focusing on a large number of smaller cases.

6. Medium term projections include performance for non-dedicated courts.

7. Number of cases finally won as a percentage of all cases finally won or lost.

8. The focus over the medium term is on big cases with huge impact and there is much more risk of losing, hence a slight decline in the projected success rate.

## The national development plan

One of the goals that the national development plan embraces is that by 2030, all South Africans should feel and be safe. This vision can only be realised if there is an effective and functional criminal justice system. The medium term strategic framework, which covers the first five years of the national development plan, highlights the strengthening of the criminal justice system and this forms the basis of the department's 2014-19 strategic plan. Specifically, the department will focus on enhancing court process efficiency through improving the use of audiovisual remand systems, implementing enhanced court record systems, and better managing criminal appeals processes and transcriptions. Other goals that pertain to the work of the department include strengthening judicial governance and the rule of law, improving access to justice, and fostering a progressive judicial philosophy and an understanding of the socioeconomic context in which the law is interpreted and enforced.

The national development plan recommends that all departments in the justice, crime prevention and security cluster align their strategic plans with the seven-point plan, which provides a clear and practical roadmap for the establishment of a single, integrated, seamless and modern criminal justice system. The department aims to fast track the implementation of modernisation initiatives through using information technology to improve court efficiency. The case management integration solution has been prioritised over the medium term and it will provide for the integration of the departmental case management system.

Through the Office for Criminal Justice System Reform, the department will continue to accelerate the full

implementation of the seven-point plan, which includes fast-tracking legislation that protects vulnerable groups, such as women, children and specifically, the girl child.

The national development plan promotes access to justice and advocates that all vulnerable groups, including women, children and rural communities, should enjoy equal protection. In this regard, the department will continue to establish 75 small claims courts, align 387 magisterial districts with 234 municipal boundaries, convert 15 courts into full service courts and re-establish 57 dedicated sexual offences courts over the medium term.

The department will also contribute to the national development plan's goal of building a corruption free society by continuing to strengthen the investigative capacity of the Public Protector of South Africa and the Special Investigating Unit. The number of investigative capacity practitioners in these two institutions will increase from 467 in 2013/14 to 564 in 2016/17.

## Expenditure estimates

**Table 24.2 Justice and Constitutional Development**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)		Expenditure/total: Average (%)
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	
R million													
Administration	1 320.8	1 441.7	1 475.6	1 896.1	1 896.1	12.8%	10.7%	1 853.5	1 944.3	2 140.1	4.1%	10.7%	
Court Services	4 284.9	4 620.0	5 392.7	5 654.5	5 304.5	7.4%	34.1%	6 060.5	6 332.7	6 942.2	9.4%	33.6%	
State Legal Services	670.8	697.7	794.5	876.6	876.6	9.3%	5.3%	925.0	1 004.8	1 069.7	6.9%	5.3%	
National Prosecuting Authority	2 495.3	2 615.4	2 839.8	3 068.2	3 068.2	7.1%	19.2%	3 252.9	3 377.6	3 592.2	5.4%	18.1%	
Auxiliary and Associated Services	1 815.1	2 095.5	2 408.6	2 711.0	2 711.0	14.3%	15.7%	3 070.0	3 255.4	3 419.6	8.0%	17.0%	
<b>Subtotal</b>	<b>10 586.8</b>	<b>11 470.4</b>	<b>12 911.2</b>	<b>14 206.5</b>	<b>13 856.5</b>	<b>9.4%</b>	<b>85.0%</b>	<b>15 161.9</b>	<b>15 914.8</b>	<b>17 163.8</b>	<b>7.4%</b>	<b>84.8%</b>	
<b>Direct charge against the National Revenue Fund</b>	<b>1 910.2</b>	<b>2 037.1</b>	<b>2 059.6</b>	<b>2 575.7</b>	<b>2 575.7</b>	<b>10.5%</b>	<b>15.0%</b>	<b>2 730.3</b>	<b>2 855.9</b>	<b>3 007.2</b>	<b>5.3%</b>	<b>15.2%</b>	
Judges' Salaries	644.1	710.9	744.8	786.5	786.5	6.9%	5.0%	829.0	873.7	920.1	5.4%	4.7%	
Magistrates' Salaries	1 266.2	1 326.2	1 314.8	1 789.2	1 789.2	12.2%	9.9%	1 901.3	1 982.1	2 087.2	5.3%	10.6%	
<b>Total</b>	<b>12 497.1</b>	<b>13 507.5</b>	<b>14 970.8</b>	<b>16 782.2</b>	<b>16 432.2</b>	<b>9.6%</b>	<b>100.0%</b>	<b>17 892.1</b>	<b>18 770.7</b>	<b>20 171.0</b>	<b>7.1%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				72.3	(277.7)			101.6	102.7	413.9			

### Economic classification

<b>Current payments</b>	<b>10 182.2</b>	<b>10 672.9</b>	<b>12 087.7</b>	<b>13 599.4</b>	<b>13 599.4</b>	<b>10.1%</b>	<b>81.1%</b>	<b>14 289.2</b>	<b>15 026.1</b>	<b>15 984.6</b>	<b>5.5%</b>	<b>80.4%</b>
Compensation of employees	6 944.9	7 559.2	8 193.4	9 399.4	9 399.4	10.6%	55.9%	10 130.3	10 634.1	11 158.7	5.9%	56.4%
Goods and services	3 222.4	3 103.2	3 894.4	4 200.0	4 200.0	9.2%	25.1%	4 158.9	4 391.9	4 826.0	4.7%	24.0%
<i>of which:</i>												
Computer services	380.7	464.7	504.1	634.9	634.9	18.6%	3.5%	548.1	538.7	557.1	-4.3%	3.1%
Operating leases	585.1	425.8	496.7	565.4	565.4	-1.1%	3.6%	619.4	636.2	668.9	5.8%	3.4%
Property payments	634.7	654.7	879.6	918.0	918.0	13.1%	5.4%	1 002.7	1 103.9	1 352.3	13.8%	6.0%
Travel and subsistence	464.3	524.7	625.1	560.9	560.9	6.5%	3.8%	518.0	532.5	645.7	4.8%	3.1%
Interest and rent on land	14.9	10.4	0.0	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 556.3</b>	<b>1 810.9</b>	<b>1 973.3</b>	<b>2 156.6</b>	<b>2 156.6</b>	<b>11.5%</b>	<b>13.1%</b>	<b>2 273.3</b>	<b>2 397.8</b>	<b>2 525.6</b>	<b>5.4%</b>	<b>12.8%</b>
Provinces and municipalities	-	0.3	0.5	0.3	0.3	0.0%	0.0%	0.4	0.4	0.4	15.0%	0.0%
Departmental agencies and accounts	1 477.7	1 711.3	1 887.6	2 003.1	2 003.1	10.7%	12.3%	2 122.2	2 240.7	2 360.3	5.6%	11.9%
Foreign governments and international organisations	6.3	7.2	1.3	14.5	14.5	31.7%	0.1%	5.8	6.1	6.4	-23.8%	0.0%
Households	72.2	92.0	83.9	138.7	138.7	24.3%	0.7%	144.9	150.6	158.5	4.5%	0.8%
<b>Payments for capital assets</b>	<b>740.1</b>	<b>1 019.9</b>	<b>902.0</b>	<b>1 024.7</b>	<b>674.7</b>	<b>-3.0%</b>	<b>5.8%</b>	<b>1 329.6</b>	<b>1 346.8</b>	<b>1 660.7</b>	<b>35.0%</b>	<b>6.8%</b>
Buildings and other fixed structures	557.2	699.0	638.9	803.6	453.6	-6.6%	4.1%	864.3	804.6	1 068.7	33.1%	4.4%
Machinery and equipment	179.3	318.4	254.5	221.1	221.1	7.2%	1.7%	465.3	542.2	592.0	38.9%	2.5%
Software and other intangible assets	3.7	2.4	8.6	0.0	0.0	-77.6%	0.0%	0.0	0.0	0.0	4.7%	0.0%
<b>Payments for financial assets</b>	<b>18.4</b>	<b>3.8</b>	<b>7.8</b>	<b>1.5</b>	<b>1.5</b>	<b>-56.7%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>
<b>Total</b>	<b>12 497.1</b>	<b>13 507.5</b>	<b>14 970.8</b>	<b>16 782.2</b>	<b>16 432.2</b>	<b>9.6%</b>	<b>100.0%</b>	<b>17 892.1</b>	<b>18 770.7</b>	<b>20 171.0</b>	<b>7.1%</b>	<b>100.0%</b>

## Personnel information

Table 24.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014			Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Justice and Constitutional Development			23 780	8 193.4	0.3	25 034	9 399.4	0.4	26 978	10 130.3	0.4	26 983	10 634.1	0.4	27 055	11 158.7	0.4	2.6%	100.0%
Salary level	25 799	533	23 780	8 193.4	0.3	25 034	9 399.4	0.4	26 978	10 130.3	0.4	26 983	10 634.1	0.4	27 055	11 158.7	0.4	2.6%	100.0%
1 – 6	13 375	197	12 341	1 971.7	0.2	12 896	2 218.0	0.2	13 693	2 375.7	0.2	13 690	2 413.1	0.2	13 815	2 515.0	0.2	2.3%	51.0%
7 – 10	7 213	306	6 514	1 995.0	0.3	6 927	2 249.7	0.3	7 746	2 480.3	0.3	7 754	2 663.7	0.3	7 700	2 794.3	0.4	3.6%	28.4%
11 – 12	2 621	29	2 513	1 811.0	0.7	2 593	1 996.0	0.8	2 916	2 139.6	0.7	2 916	2 155.3	0.7	2 917	2 252.9	0.8	4.0%	10.7%
13 – 16	436	1	398	406.0	1.0	604	456.8	0.8	469	507.6	1.1	469	653.4	1.4	469	699.4	1.5	-8.1%	1.9%
Other	2 154	–	2 014	2 009.6	1.0	2 014	2 478.9	1.2	2 154	2 627.2	1.2	2 154	2 748.6	1.3	2 154	2 897.0	1.3	2.3%	8.0%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on improving services in courts, re-engineering state legal services, implementing new pieces of legislation, opening high courts in Polokwane and Nelspruit, and accelerating access to services provided by the master's and state attorney offices. Consequently, a significant amount of the department's allocation over the medium term is directed towards the *Court Services* and the *National Prosecuting Authority* programmes for expenditure on compensation of employees, property payments and capital expenditure. This will allow the department to improve access to justice by increasing the number of high courts from 14 in 2013/14 to 16 in 2015/16, re-establishing 57 dedicated sexual offences courts, and increasing the number of criminal court cases finalised, including those involving alternative dispute resolution mechanisms, from 473 480 in 2014/15 to 486 026 in 2016/17.

To support the achievement of these targets, the number of personnel, excluding judicial officers, is expected to increase from 23 022, in 2013/14 to 24 903 in 2016/17, which will increase spending on compensation of employees over the medium term. Spending on computer hardware and systems is also expected to increase, partly due to the project to modernise justice services for which an effective information system is imperative. However, due to the delays in implementing a number of capital works and modernisation projects, Cabinet approved budget reductions of R507.7 million in 2014/15, R543 million in 2015/16 and R362 million in 2016/17. These amounts have been reprioritised for spending in the following areas:

- R286.9 million in 2014/15, R310.2 million in 2015/16 and R338.1 million in 2016/17 for the appointment of permanent personnel in the department, public entities and constitutional institutions
- R11.9 million in 2014/15, R11 million in 2015/16 and R11.6 million in 2016/17 for the implementation of legislation and criminal justice sector revamp projects in Legal Aid South Africa.

The department has a funded establishment of 23 647 (excluding judicial officers) and 533 positions are filled additional to the establishment. At the end of November 2013, 2 364 posts were vacant due to natural attrition and the length of time it takes to finalise the recruitment process.

### Infrastructure spending

Spending on infrastructure increased from R542.5 million in 2010/11 to R784.6 million in 2013/14, and is expected to increase to R1 billion over the medium term.

In 2013/14, the department completed the construction of the new Kagiso magistrate's office at a cost of R74 million. The department will complete the construction of the Polokwane high court in 2014/15 at a cost of R796.5 million, while the construction of the Mpumalanga high court is expected to be completed in 2015/16 at a cost of R706.4 million. Once completed, the department will comply with the Superior Courts Act (2013), which establishes the high court divisions of Mpumalanga and Limpopo. In 2014/15, work on the construction of six new magistrate courts will begin at a total cost of R967.6 million. The courts are to be located in Richards Bay and Port Shepstone (KwaZulu-Natal), Plettenberg Bay (Western Cape), Booysens (Gauteng), and Bityi and

Dimbaza (Eastern Cape). The refurbishment and provision of additional accommodation for the South Gauteng high court will continue, and is expected to be completed in October 2015.

Other major projects over the medium term include the relocation of the family court in Cape Town and the provision of new offices for the National Prosecuting Authority in Pietermaritzburg (KwaZulu-Natal), which will be completed at a total cost of R238.1 million.

## Departmental receipts

Table 24.4 Receipts

	Audited outcome			Adjusted estimate 2013/14	Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Receipt/total: Average (%) 2010/11 - 2013/14	Medium-term receipts estimate			Average growth rate (%) 2013/14 - 2016/17	Receipt/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13					2014/15	2015/16	2016/17		
R thousand												
<b>Departmental receipts</b>	<b>414 242</b>	<b>387 253</b>	<b>457 341</b>	<b>408 710</b>	<b>408 710</b>	<b>-0.4%</b>	<b>100.0%</b>	<b>472 745</b>	<b>498 690</b>	<b>525 618</b>	<b>8.7%</b>	<b>100.0%</b>
<b>Tax receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>315</b>	<b>330</b>	<b>348</b>	<b>5.1%</b>	<b>0.1%</b>
<b>Sales of goods and services produced by department</b>	<b>65 744</b>	<b>59 165</b>	<b>93 617</b>	<b>56 882</b>	<b>49 746</b>	<b>-8.9%</b>	<b>16.1%</b>	<b>52 076</b>	<b>54 072</b>	<b>56 990</b>	<b>4.6%</b>	<b>11.2%</b>
Sales by market establishments	5 913	6 871	6 875	5 955	5 955	0.2%	1.5%	5 980	6 255	6 592	3.4%	1.3%
of which:												
Market establishment: Rental dwelling	5 323	6 177	6 111	5 400	5 400	0.5%	1.4%	5 423	5 672	5 978	3.4%	1.2%
Market establishment: Non-residential buildings	40	47	2	-	-	-100.0%	-	-	-	-	-	-
Market establishment: Rental parking: Covered and open	550	647	762	555	555	0.3%	0.2%	557	583	614	3.4%	0.1%
Administration fees	23	35	28	30	30	9.3%	-	33	34	35	5.3%	-
of which:												
Game licences	6	7	7	8	8	10.1%	-	9	9	9	4.0%	-
Request for information: Promotion of Access to Information Act (2000)	17	28	17	22	22	9.0%	-	24	25	26	5.7%	-
Replacement of security cards	-	-	4	-	-	-	-	-	-	-	-	-
Other sales	59 808	52 259	86 714	50 897	43 761	-9.9%	14.5%	46 063	47 783	50 363	4.8%	9.9%
of which:												
Services rendered: Commission on insurance and garnishee	3 810	4 579	6 142	4 400	4 400	4.9%	1.1%	4 600	4 412	4 650	1.9%	0.9%
Services rendered: Insolvent estates: Master office	2	40 731	48 917	35 000	29 000	2338.5%	7.1%	31 000	32 426	34 177	5.6%	6.6%
Services rendered: Fee for recovery of debt	54 976	4 319	29 437	9 300	9 300	-44.7%	5.9%	9 400	9 834	10 365	3.7%	2.0%
Services rendered: Photocopies and faxes	996	2 574	1 873	2 137	1 008	0.4%	0.4%	1 009	1 055	1 112	3.3%	0.2%
Sale of assets less than R5 000	24	56	345	60	53	30.2%	-	54	56	59	3.6%	-
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>40</b>	<b>19</b>	<b>-</b>	<b>35</b>	<b>11</b>	<b>-35.0%</b>	<b>-</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>8.4%</b>	<b>-</b>
of which:												
Sales: Scrap	40	1	-	11	11	-35.0%	-	12	13	14	8.4%	-
Sales: Waste paper	-	18	-	24	-	-	-	-	-	-	-	-
Transfers received	-	-	205	110	-	-	-	-	-	-	-	-
<b>Fines, penalties and forfeits</b>	<b>306 677</b>	<b>294 821</b>	<b>281 976</b>	<b>320 224</b>	<b>325 334</b>	<b>2.0%</b>	<b>72.5%</b>	<b>385 437</b>	<b>407 767</b>	<b>429 787</b>	<b>9.7%</b>	<b>81.2%</b>
<b>Interest, dividends and rent on land</b>	<b>11 278</b>	<b>2 187</b>	<b>1 844</b>	<b>1 913</b>	<b>10 500</b>	<b>-2.4%</b>	<b>1.5%</b>	<b>11 000</b>	<b>11 506</b>	<b>12 127</b>	<b>4.9%</b>	<b>2.4%</b>
Interest	11 278	2 187	1 844	1 913	10 500	-2.4%	1.5%	11 000	11 506	12 127	4.9%	2.4%
<b>Sales of capital assets</b>	<b>81</b>	<b>300</b>	<b>138</b>	<b>8</b>	<b>168</b>	<b>27.5%</b>	<b>-</b>	<b>175</b>	<b>180</b>	<b>190</b>	<b>4.2%</b>	<b>-</b>
<b>Transactions in financial assets and liabilities</b>	<b>30 422</b>	<b>30 761</b>	<b>79 561</b>	<b>29 238</b>	<b>22 651</b>	<b>-9.4%</b>	<b>9.8%</b>	<b>23 730</b>	<b>24 822</b>	<b>26 162</b>	<b>4.9%</b>	<b>5.1%</b>
<b>Total</b>	<b>414 242</b>	<b>387 253</b>	<b>457 341</b>	<b>408 710</b>	<b>408 710</b>	<b>-0.4%</b>	<b>100.0%</b>	<b>472 745</b>	<b>498 690</b>	<b>525 618</b>	<b>8.7%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 24.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Ministry	35.7	36.3	32.2	40.0	3.9%	2.4%	40.7	43.0	45.6	4.5%	2.2%
Management	35.6	43.8	52.5	69.7	25.1%	3.3%	62.2	69.8	74.8	2.4%	3.5%
Corporate Services	580.0	760.7	619.8	846.2	13.4%	45.8%	764.0	798.6	843.1	-0.1%	41.5%
Office Accommodation	669.4	600.9	771.1	940.2	12.0%	48.6%	986.7	1 032.9	1 176.5	7.8%	52.8%
<b>Total</b>	<b>1 320.8</b>	<b>1 441.7</b>	<b>1 475.6</b>	<b>1 896.1</b>	<b>12.8%</b>	<b>100.0%</b>	<b>1 853.5</b>	<b>1 944.3</b>	<b>2 140.1</b>	<b>4.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				361.4			231.3	240.9	-		

Table 24.5 Administration

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)			
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16	2016/17	2013/14 - 2016/17
	R million													
<b>Current payments</b>	<b>1 248.0</b>	<b>1 196.9</b>	<b>1 452.7</b>	<b>1 860.2</b>	<b>14.2%</b>	<b>93.9%</b>	<b>1 831.9</b>	<b>1 921.5</b>	<b>2 116.1</b>	<b>4.4%</b>	<b>98.7%</b>			
Compensation of employees	282.5	325.8	366.7	477.6	19.1%	23.7%	512.7	542.0	574.6	6.4%	26.9%			
Goods and services	965.3	870.9	1 086.0	1 382.6	12.7%	70.2%	1 319.2	1 379.5	1 541.5	3.7%	71.8%			
of which:														
Computer services	47.4	9.3	30.6	37.7	-7.3%	2.0%	18.0	23.0	25.9	-11.8%	1.3%			
Operating leases	499.7	409.3	479.0	496.0	-0.3%	30.7%	545.7	572.4	602.7	6.7%	28.3%			
Property payments	174.0	194.7	293.7	452.2	37.5%	18.2%	447.0	468.6	582.6	8.8%	24.9%			
Travel and subsistence	96.5	91.1	111.7	95.6	-0.3%	6.4%	117.7	120.3	127.3	10.0%	5.9%			
Interest and rent on land	0.2	0.1	0.0	-	-100.0%	-	-	-	-	-	-			
<b>Transfers and subsidies</b>	<b>7.9</b>	<b>12.9</b>	<b>8.0</b>	<b>7.4</b>	<b>-2.4%</b>	<b>0.6%</b>	<b>6.2</b>	<b>6.5</b>	<b>6.8</b>	<b>-2.6%</b>	<b>0.3%</b>			
Departmental agencies and accounts	-	5.1	4.8	5.8	-	0.3%	5.9	6.2	6.5	3.9%	0.3%			
Foreign governments and international organisations	6.3	7.2	1.3	1.0	-46.0%	0.3%	-	-	-	-100.0%	-			
Households	1.6	0.6	1.9	0.5	-30.6%	0.1%	0.2	0.2	0.3	-21.8%	-			
<b>Payments for capital assets</b>	<b>64.8</b>	<b>231.8</b>	<b>13.4</b>	<b>28.1</b>	<b>-24.3%</b>	<b>5.5%</b>	<b>15.4</b>	<b>16.3</b>	<b>17.1</b>	<b>-15.2%</b>	<b>1.0%</b>			
Machinery and equipment	64.8	229.3	13.3	28.1	-24.3%	5.5%	15.4	16.2	17.1	-15.3%	1.0%			
Software and other intangible assets	-	2.4	0.1	0.0	-	-	0.0	0.0	0.0	4.7%	-			
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.2</b>	<b>1.5</b>	<b>0.5</b>	<b>278.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>			
<b>Total</b>	<b>1 320.8</b>	<b>1 441.7</b>	<b>1 475.6</b>	<b>1 896.1</b>	<b>12.8%</b>	<b>100.0%</b>	<b>1 853.5</b>	<b>1 944.3</b>	<b>2 140.1</b>	<b>4.1%</b>	<b>100.0%</b>			
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>12.5%</b>	<b>12.6%</b>	<b>11.4%</b>	<b>13.3%</b>			<b>12.2%</b>	<b>12.2%</b>	<b>12.5%</b>					

## Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
<b>Current</b>	-	5.1	4.8	5.8	-	0.3%	5.9	6.2	6.5	3.9%	0.3%
Safety and security sector education and training authority	-	5.1	4.8	5.8	-	0.3%	5.9	6.2	6.5	3.9%	0.3%
<b>Foreign governments and international organisations</b>											
<b>Current</b>	6.3	7.2	1.3	1.0	-46.0%	0.3%	-	-	-	-100.0%	-
International Criminal Court	6.3	7.2	1.3	1.0	-46.0%	0.3%	-	-	-	-100.0%	-

## Personnel information

Table 24.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost			
<b>Administration</b>																			
<b>Salary level</b>	1 247	21	1 008	366.7	0.4	1 165	477.6	0.4	1 343	512.7	0.4	1 343	542.0	0.4	1 343	574.6	0.4	4.9%	100.0%
1 - 6	400	11	308	47.9	0.2	356	68.9	0.2	424	81.8	0.2	424	85.4	0.2	424	92.3	0.2	6.0%	31.3%
7 - 10	597	10	498	148.6	0.3	560	196.3	0.4	637	214.9	0.3	637	228.9	0.4	637	236.4	0.4	4.4%	47.6%
11 - 12	171	-	131	92.1	0.7	150	119.2	0.8	182	121.3	0.7	182	128.3	0.7	182	142.0	0.8	6.7%	13.4%
13 - 16	77	-	69	74.4	1.1	97	88.8	0.9	98	90.5	0.9	98	94.4	1.0	98	95.8	1.0	0.3%	7.5%
Other	2	-	2	3.7	1.8	2	4.4	2.2	2	4.2	2.1	2	5.0	2.5	2	8.0	4.0	-	0.2%

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

2. Rand million.

## Expenditure trends

The *Office Accommodation* subprogramme is the largest spending item in the programme. It provides for accommodation charges, leased buildings and municipal rates. Between 2010/11 and 2013/14, the subprogramme grew significantly due to additional funding for the increased cost of municipal services and accommodation charges, which is higher than the annual budget increases. The *Corporate Services* subprogramme is the second largest item, and spending in this and the *Ministry and Management* subprogrammes grew significantly between 2010/11 and 2013/14, largely due to the filling of vacant senior

manager posts. This trend is expected to continue over the medium term, where the number of personnel in the programme is expected to increase from 1 165 in 2013/14 to 1 343 in 2016/17. This will include the filling of 79 posts, which were vacant at the end of November 2013, mostly due to natural attrition.

The additional staff will provide capacity in the regional offices to enhance management and oversight of third party funds internally, thereby avoiding reliance on consultants and contract workers for these functions. This is also expected to improve the outcomes of future external audits as third party funds and irregular expenditure were the basis for previous audit qualifications. As a result, expenditure on compensation of employees increased in 2013/14, while expenditure on consultants is expected to decrease over the medium term.

Expenditure on consultants increased significantly in 2013/14 due to the specialised skills required for work on asset management, third party funds and the commissions of inquiry (Seriti Arms Procurement Commission and Marikana Commission of Inquiry). The commissions of inquiry were allocated an additional amount of R133.7 million in 2013/14, which increased expenditure in the *Corporate Services* subprogramme in that year.

## Programme 2: Court Services

### Objectives

- Ensure timely, efficient and effective justice proceedings by:
  - reducing case backlogs from 33 504 in 2013/14 to 28 764 by 2016/17
  - converting 42 backlog courts into permanent courts by 2014/15
  - upgrading 15 regional courts into sexual offences courts, compliant with the new sexual offences court model by 2014/15
  - establishing an integrated information system to facilitate the effective monitoring and implementation of the Prevention and Combating of Trafficking in Persons Act (2013) by 2015/16
  - re-designating 15 branch courts into full services courts (detached courts) per year until 2018/19 to provide full court services, through upgrading infrastructure, conferring new and extended jurisdiction and by providing additional staff, training and accommodation
  - rationalising areas of courts' jurisdiction and harmonising the areas of jurisdiction of magistrates courts and divisions of the South African high court with the local and provincial court system, in line with the Constitution, by 2014/15.
- Provide adequate family law litigation services and family mediation services to protect the interests of children by:
  - increasing the percentage of court reports filed by the family advocate within 15 days of the finalisation of an enquiry from 50 per cent in 2012/13 to 70 per cent in 2014/15
  - increasing the percentage of finalised non-litigation matters from 15 per cent in 2013/14 to 20 per cent in 2014/15.

### Subprogrammes

- *Constitutional Court* funds the activities and operations of the Constitutional Court, which has jurisdiction over constitutional matters only. The court has 11 judges, including the chief justice. A minimum of 8 judges must hear a case, with the chief justice or deputy chief justice presiding. By the end of 2012/13, the court had finalised 198 matters with a staff complement of 81. In the first half of 2013/14, the court finalised 104 matters with a staff complement of 112.
- *Supreme Court of Appeal* funds the activities and operations of the Supreme Court of Appeal, which adjudicates appeals and questions of law from the high courts. The court has 26 judges, including a president and deputy president, and a minimum of 3 to 5 judges must hear a case. By the end of 2012/13, the court had finalised 551 criminal appeals and civil petitions with a staff complement of 43. In the first half of 2013/14, the court finalised 291 criminal appeals and civil petitions with a staff complement of 43.
- *High Courts* funds the activities and operations of the various high court divisions, which have jurisdiction over the defined geographical areas in which they are located. There are currently 14 high courts and 195 high court judges. By the end of 2012/13, high courts had finalised 1 194 criminal cases with a staff complement of 1 087. In the first half of 2013/14, these courts finalised 544 criminal cases with a staff

complement of 1 204.

- *Specialised Courts* funds the activities and operations of labour and labour appeal courts, the land claims court, the special tribunal, and family courts. By the end of 2012/13, the labour and labour appeal courts had finalised 448 taxation matters with a staff complement of 118, and the land claims court had finalised 213 land restitution and taxation matters with a staff complement of 31. In the first half of 2013/14, the labour and labour appeal courts finalised 357 taxation matters with a staff complement of 118, and the land claims court finalised 40 restitution and taxation matters with a staff complement of 31.
- *Lower Courts* is discussed in more detail below.
- *Family Advocate* funds family advocate offices. The family advocate conducts family mediations in non-litigation matters, with the goal of settling parental disputes out of court. In litigation matters, the family advocate files court reports, makes recommendations and appears in courts to promote and protect the best interests of children. The family advocate's office also deals with international cases of children who were abducted or retained in foreign countries in terms of the Hague Convention on the Civil Aspects of International Child Abduction. By the end of 2012/13, the family advocate had filed 11 632 court reports on unsuccessful mediation and finalised 1 048 cases in mediation with a staff complement of 329. In the first half of 2013/14, the family advocate filed 1 992 court reports and finalised 975 non-litigation matters with a staff complement of 325.
- *Magistrate's Commission* funds the Magistrate's Commission, which makes recommendations on the appointment and tenure of magistrates. In 2012/13, with the approval of the Minister of Justice and Constitutional Development, the commission appointed 174 magistrates at different levels. A further 308 posts were advertised in 2013/14. This subprogramme had a staff complement of 23 in 2012/13 and 20 at the end of September 2013.
- *Government Motor Transport* funds vehicles for judges and departmental officials. This subprogramme's total budget is used for purchasing vehicles. By the end of 2012/13, 14 vehicles had been purchased for judges and 131 vehicles had been purchased for departmental officials. In the first half of 2013/14, 14 vehicles had been purchased for judges and 61 had been purchased for departmental officials.
- *Facilities Management* funds the provision of accommodation for courts and justice service delivery points. The subprogramme manages funds for the construction of new and additional accommodation as well as the leasing of privately owned premises for use by the department. 4 new lower courts buildings (Tsakane, Palm Ridge, Gelvandale and Ntuzuma) were completed in 2012/13 while repairs and renovations and the construction of new accommodation were carried out in 2 courts (Caledon and Danielskuil) in the first half of 2013/14.
- *Administration of Courts* funds the management of courts' administration and performance evaluation functions, with 1 national office and 9 provincial offices. This subprogramme had a staff complement of 1 081 in 2012/13 and 1 190 in the first half of 2013/14.

## Expenditure estimates

**Table 24.7 Court Services**

Subprogramme	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
Constitutional Court	74.7	91.0	95.7	124.0	18.4%	1.9%	134.7	143.7	151.6	6.9%	2.2%	
Supreme Court of Appeal	13.5	20.9	26.4	20.4	14.6%	0.4%	24.2	25.2	27.2	10.0%	0.4%	
High Courts	324.9	353.8	409.9	348.8	2.4%	7.2%	366.4	389.8	430.0	7.2%	6.1%	
Specialised Courts	35.3	41.5	55.9	45.0	8.5%	0.9%	39.8	42.0	45.9	0.6%	0.7%	
Lower Courts	2 740.8	2 911.4	3 394.3	3 570.3	9.2%	63.2%	3 808.4	4 069.7	4 320.2	6.6%	63.1%	
Family Advocate	101.8	105.9	125.8	153.6	14.7%	2.4%	177.4	188.0	193.8	8.1%	2.9%	
Magistrate's Commission	9.4	10.4	11.9	13.3	12.2%	0.2%	15.1	16.3	19.3	13.2%	0.3%	
Government Motor Transport	24.9	23.2	37.0	32.3	9.1%	0.6%	28.5	24.8	26.1	-6.9%	0.4%	
Facilities Management	624.1	700.4	813.6	964.4	15.6%	15.5%	1 034.3	978.1	1 250.6	9.0%	16.9%	
Administration of Courts	335.6	361.5	422.3	382.5	4.5%	7.5%	431.7	454.9	477.7	7.7%	7.0%	
<b>Total</b>	<b>4 284.9</b>	<b>4 620.0</b>	<b>5 392.7</b>	<b>5 654.5</b>	<b>9.7%</b>	<b>100.0%</b>	<b>6 060.5</b>	<b>6 332.7</b>	<b>6 942.2</b>	<b>7.1%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				(207.8)			(163.3)	(168.1)	-			

Table 24.7 Court Services

Economic Classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million	3 670.5	3 872.6	4 653.4	4 778.0	9.2%	85.1%	5 139.5	5 463.1	5 805.3	6.7%	84.8%
<b>Current payments</b>	<b>3 670.5</b>	<b>3 872.6</b>	<b>4 653.4</b>	<b>4 778.0</b>	<b>9.2%</b>	<b>85.1%</b>	<b>5 139.5</b>	<b>5 463.1</b>	<b>5 805.3</b>	<b>6.7%</b>	<b>84.8%</b>
Compensation of employees	2 331.4	2 570.2	2 858.7	3 254.0	11.8%	55.2%	3 581.2	3 710.0	3 839.4	5.7%	57.6%
Goods and services	1 335.2	1 301.2	1 794.7	1 524.1	4.5%	29.8%	1 558.4	1 753.1	1 966.0	8.9%	27.2%
of which:											
Computer services	61.8	102.2	13.0	37.6	-15.3%	1.1%	74.5	74.3	78.3	27.7%	1.1%
Operating leases	19.2	0.4	1.5	25.2	9.5%	0.2%	27.3	10.0	10.5	-25.2%	0.3%
Property payments	391.8	385.0	521.7	389.1	-0.2%	8.5%	465.3	566.2	680.7	20.5%	8.4%
Travel and subsistence	266.5	336.9	409.4	296.9	3.7%	6.6%	227.3	257.3	356.5	6.3%	4.6%
Interest and rent on land	3.8	1.2	(0.0)	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>10.9</b>	<b>13.8</b>	<b>20.8</b>	<b>23.4</b>	<b>28.9%</b>	<b>0.3%</b>	<b>28.4</b>	<b>29.8</b>	<b>31.2</b>	<b>10.1%</b>	<b>0.5%</b>
Provinces and municipalities	-	0.3	0.4	0.3	-	-	0.3	0.4	0.4	14.3%	-
Households	10.9	13.5	20.4	23.1	28.5%	0.3%	28.0	29.4	30.7	10.0%	0.4%
<b>Payments for capital assets</b>	<b>603.6</b>	<b>730.4</b>	<b>715.8</b>	<b>852.3</b>	<b>12.2%</b>	<b>14.5%</b>	<b>892.5</b>	<b>839.8</b>	<b>1 105.7</b>	<b>9.1%</b>	<b>14.8%</b>
Buildings and other fixed structures	542.5	683.6	621.2	784.6	13.1%	13.2%	844.5	784.1	1 046.9	10.1%	13.8%
Machinery and equipment	61.1	46.7	94.5	67.7	3.5%	1.4%	48.1	55.7	58.9	-4.6%	0.9%
<b>Payments for financial assets</b>	<b>-</b>	<b>3.3</b>	<b>2.7</b>	<b>0.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
<b>Total</b>	<b>4 284.9</b>	<b>4 620.0</b>	<b>5 392.7</b>	<b>5 654.5</b>	<b>9.7%</b>	<b>100.0%</b>	<b>6 060.5</b>	<b>6 332.7</b>	<b>6 942.2</b>	<b>7.1%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>40.5%</b>	<b>40.3%</b>	<b>41.8%</b>	<b>39.8%</b>			<b>40.0%</b>	<b>39.8%</b>	<b>40.4%</b>		

## Details of selected transfers and subsidies

<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>10.5</b>	<b>10.8</b>	<b>19.5</b>	<b>23.1</b>	<b>29.9%</b>	<b>0.3%</b>	<b>28.0</b>	<b>28.4</b>	<b>29.7</b>	<b>8.7%</b>	<b>0.4%</b>
Employee social benefits	10.5	10.8	19.5	23.1	29.9%	0.3%	28.0	28.4	29.7	8.7%	0.4%
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	<b>0.4</b>	<b>2.7</b>	<b>0.9</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>1.1</b>	<b>-</b>	<b>-</b>
Employee social benefits	-	0.8	0.1	-	-	-	-	-	-	-	-
Claims against the state	0.4	1.5	0.7	-	-100.0%	-	-	1.0	1.1	-	-
Gifts and donations	0.0	0.4	0.0	-	-100.0%	-	-	-	-	-	-

## Personnel information

Table 24.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Court Services	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost							
<b>Salary level</b>	15 158	77	13 875	2 858.7	0.2	14 823	3 254.0	0.2	16 178	3 581.2	0.2	16 178	3 710.0	0.2	16 178	3 839.4	0.2	3.0%	100.0%
1 - 6	11 080	58	10 407	1 657.0	0.2	10 960	1 861.4	0.2	11 723	1 986.3	0.2	11 723	2 000.4	0.2	11 723	2 069.8	0.2	2.3%	72.8%
7 - 10	3 550	19	3 050	865.6	0.3	3 413	997.4	0.3	3 895	1 124.2	0.3	3 895	1 183.8	0.3	3 895	1 225.3	0.3	4.5%	23.8%
11 - 12	439	-	346	261.6	0.8	371	312.5	0.8	469	364.5	0.8	469	398.4	0.8	469	412.4	0.9	8.1%	2.8%
13 - 16	89	-	72	74.5	1.0	79	82.6	1.0	91	106.2	1.2	91	127.4	1.4	91	131.9	1.4	4.8%	0.6%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on enhancing the administration of courts, improving case flow management, building new courts, and refurbishing existing ones. The bulk of spending goes towards compensation of employees, property payments and capital assets in the Lower Courts and Facilities Management subprogrammes. The increase in expenditure in the Facilities Management subprogramme between 2010/11 and 2013/14 was due to the additional funding to build new courts. Spending on buildings and other fixed structures increased significantly over the same period and is expected to decrease in 2015/16 as R437.6 million was cut as a result of delays in the implementation of capital works projects. The funds were

reprioritised, mainly to expenditure on goods and services to fund leases and municipal services. Spending on buildings and other fixed structures is expected to increase from 2016/17 onwards.

The number of personnel is expected to increase from 14 823 in 2013/14 to 16 178 in 2016/17, mainly in post levels 7 to 10, as a result of an increased demand for services and staffing of the new court buildings. The increase in personnel over the medium term is expected to allow the department to reduce the case backlog from 29 952 in 2014/15 to 28 764 in 2016/17. Of the funded posts, 2 774 posts were vacant by the end of November 2013, mainly due to natural attrition.

In order to promote the independence of the judiciary, the department established the South African Judicial Education Institute and expanded capacity in the Office of the Chief Justice. This increased expenditure in the Constitutional Court subprogramme significantly between 2010/11 and 2013/14.

## Subprogramme: Lower Courts

This subprogramme funds the activities and operations of the various regional and district courts. There are more than 1 886 courtrooms dealing with district and regional court cases across the country. Small claims courts, which deal with certain civil matters involving up to R12 000, are in place countrywide. There are currently 81 backlog courts to reduce case backlogs. At the end of 2012/13, the courts had finalised 465 606 criminal cases and 249 573 quasi judiciary functions (default judgements and taxations) with a staff complement of 11 113. In the first half of 2013/14, the courts finalised 259 200 criminal cases and 171 754 quasi judiciary function matters with a staff complement of 11 777.

## Expenditure estimates

Table 24.9 Lower Courts

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million	2 706.5	2 881.9	3 354.2	3 534.8	9.3%	98.9%	3 774.3	4 024.9	4 273.1	6.5%	99.0%	
<b>Current payments</b>												
Compensation of employees	1 754.4	1 915.7	2 105.3	2 472.2	12.1%	65.4%	2 711.5	2 792.9	2 865.6	5.0%	68.8%	
Goods and services	948.3	965.0	1 248.9	1 062.6	3.9%	33.5%	1 062.7	1 232.0	1 407.5	9.8%	30.2%	
<i>of which:</i>												
Computer services	55.5	98.7	6.2	32.4	-16.4%	1.5%	68.9	68.4	72.0	30.5%	1.5%	
Operating leases	11.4	(5.2)	1.2	20.1	21.0%	0.2%	20.8	3.2	3.4	-44.8%	0.3%	
Property payments	335.2	371.8	504.2	312.6	-2.3%	12.1%	382.1	479.1	589.0	23.5%	11.2%	
Travel and subsistence	122.9	144.9	167.4	163.8	10.0%	4.7%	95.6	112.8	189.5	5.0%	3.6%	
Interest and rent on land	3.8	1.2	(0.0)	-	-100.0%	-	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>9.7</b>	<b>9.9</b>	<b>15.9</b>	<b>17.9</b>	<b>22.8%</b>	<b>0.4%</b>	<b>21.6</b>	<b>22.7</b>	<b>23.7</b>	<b>9.8%</b>	<b>0.5%</b>	
Provinces and municipalities	-	0.2	0.2	0.2	-	-	0.2	0.3	0.3	22.6%	-	
Households	9.7	9.7	15.7	17.8	22.5%	0.4%	21.4	22.4	23.4	9.6%	0.5%	
<b>Payments for capital assets</b>	<b>24.7</b>	<b>18.5</b>	<b>23.7</b>	<b>16.8</b>	<b>-12.1%</b>	<b>0.7%</b>	<b>12.5</b>	<b>22.1</b>	<b>23.4</b>	<b>11.7%</b>	<b>0.5%</b>	
Machinery and equipment	24.7	18.5	23.7	16.8	-12.1%	0.7%	12.5	22.1	23.4	11.7%	0.5%	
<b>Payments for financial assets</b>	<b>-</b>	<b>1.2</b>	<b>0.6</b>	<b>0.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	
<b>Total</b>	<b>2 740.8</b>	<b>2 911.4</b>	<b>3 394.3</b>	<b>3 570.3</b>	<b>9.2%</b>	<b>100.0%</b>	<b>3 808.4</b>	<b>4 069.7</b>	<b>4 320.2</b>	<b>6.6%</b>	<b>100.0%</b>	
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>64.0%</b>	<b>63.0%</b>	<b>62.9%</b>	<b>63.1%</b>			<b>62.8%</b>	<b>64.3%</b>	<b>62.2%</b>			

## Personnel information

**Table 24.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Lower Courts</b>																			
Salary level	12 689	-	11 113	2 105.3	0.2	11 777	2 472.2	0.2	12 689	2 711.5	0.2	12 689	2 792.9	0.2	12 689	2 865.6	0.2	2.5%	100.0%
1-6	10 126	-	9 032	144.6	0.0	9 510	168.4	0.0	10 126	183.6	0.0	10 126	192.7	0.0	10 126	197.8	0.0	2.1%	80.0%
7-10	2 484	-	2 018	793.7	0.4	2 201	924.2	0.4	2 484	1 000.6	0.4	2 484	1 057.8	0.4	2 484	1 085.4	0.4	4.1%	19.4%
11-12	77	-	62	1 094.0	17.7	65	1 294.7	19.9	77	1 433.2	18.6	77	1 445.2	18.8	77	1 482.6	19.3	5.8%	0.6%
13-16	2	-	1	73.0	73.0	1	84.9	84.9	2	94.2	47.1	2	97.2	48.6	2	99.8	49.9	26.0%	-

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on the efficient administration of the numerous regional and district courts through the use of ICT. This is reflected in the expected increase in spending on machinery and equipment due to the implementation of the second phase of the desktop renewal project dealing with ICT infrastructure.

As the effective management of the courts requires high numbers of personnel, expenditure on compensation of employees is set to take up 68.8 per cent of this subprogramme's budget over the medium term. Between 2010/11 and 2013/14, the increase in expenditure on compensation of employees was due to additional funding for improved conditions of service, as well as the upgrading of administration clerks from levels 3 and 4 to level 5. These personnel provide support to magistrates and prosecutors. Over the medium term, the department plans to appoint additional personnel within salary levels 1 to 6, and this augmented capacity is expected to enable prosecutors to increase the number of convictions from 294 221 in 2014/15 to 300 136 in 2016/17. The increase in personnel over the medium term coincides with an increase in expenditure on consultants as a result of increases in the demand for specialised services such as sheriffs, translators and transcription services. The subprogramme had a funded establishment of 12 689 posts, of which 912 posts were vacant at the end of November 2013, due to natural attrition.

## Programme 3: State Legal Services

### Objectives

- Improve the legal system by:
  - preparing approximately 7 bills and 8 subordinate legislative instruments (regulations, proclamations and notices) for submission to the minister in 2014/15
  - preparing approximately 7 rules of court or rule amendments for submission to the Rules Board for Courts of Law for consideration and approval in 2014/15.
- Facilitate law reform by developing approximately 8 research documents (issue papers, discussion papers and reports) for submission to the South African Law Reform Commission for consideration and approval in 2014/15.
- Foster the advancement of previously disadvantaged individuals by increasing the number and value of briefs to such individuals from 70 per cent in 2013/14 to 75 per cent in 2014/15.
- Finalise legal matters and save litigation costs for the state by finalising 100 per cent of all new expungement applications within 6 months upon receipt in 2014/15, compared to the finalisation timeframe of 8 months in 2013/14.
- Improve the administration of estates and the Guardian's Fund in 2014/15 by:
  - issuing 91 per cent of letters of appointment in deceased estates within 15 days of receipt of all required documents
  - examining 86 per cent of liquidation and distribution accounts in large estates (over R125 000) within 15 days of receipt of all required documents

- providing 90 per cent of beneficiaries of the Guardian’s Fund with access to funds within 40 days of application, after all necessary documentation has been received
  - issuing 81 per cent of certificates of appointment in bankruptcy matters within 10 days of receipt of all required documents
  - examining 81 per cent of liquidation and distribution accounts in bankruptcy matters within 15 days of receipt of all required documents
  - issuing 92 per cent of letters of authority in trusts within 14 days of receipt of all required documents
  - ensuring that 75 per cent of new deceased estates are registered on the paperless estate administration system.
- Promote and strengthen constitutional development through the enhancement of the implementation of the Promotion of Equality and Prevention of Unfair Discrimination Act (2000) and the rollout of the training programme for civil society organisations in all 9 provinces on an ongoing basis.

### Subprogrammes

- *State Law Advisors* provides legal advice, representation and legislative drafting services to the executive, all state departments, state owned enterprises and autonomous government bodies through the Office of the Chief State Law Advisor. By the end of 2012/13, the office had finalised 429 requests for legal opinions, 62 requests for preliminary opinions, 373 bills and other legislative instruments, and 78 requests for translation with a staff complement of 84. In the first half of 2013/14, the office finalised 217 requests for legal opinions, 30 requests for preliminary opinions, 160 bills and other legislative instruments, and 49 requests for translation with a staff complement of 89.
- *Litigation and Legal Services* provides attorney, conveyance and notary services to the executive, all state departments, state owned enterprises and other government bodies through the 12 offices of the state attorney; and provides legal support to the department and the ministry. By the end of 2012/13, the office had allocated 70 per cent or R314 million of the value of briefs to previously disadvantaged individuals, enrolled 5 556 cases, finalised 1 874 cases, settled 918 cases, won 750 or 30 per cent, and lost 386 cases. The staff complement during this period was 668. In the first half of 2013/14, the office allocated a total of R203 million in the value of briefs to previously disadvantaged individuals, 2 622 cases were enrolled, 660 cases were decided in courts and 395 cases were successfully concluded. This subprogramme had a staff complement of 674 at the end of September 2013.
- *Legislative Development and Law Reform* conducts research and prepares and promotes new and amending legislation. By the end of 2012/13, the branch had developed 11 legislative instruments (bills, research papers and rules) with a staff complement of 63. In the first half of 2013/14, 6 bills, 3 sets of regulations, 3 proclamations and 1 notice were submitted to the Minister of Justice and Constitutional Development for consideration and approval with a staff complement of 64.
- *Master of the High Court* funds the master’s office, which supervises the administration of deceased and insolvent estates, trusts, curatorship and the Guardian’s Fund. There are 15 master’s offices. By the end of 2012/13, 167 519 files on estates worth less than R125 000 and 36 585 files on estates worth more than R125 000 had been finalised with a staff complement of 1 049.
- *Constitutional Development* conducts research; coordinates the implementation of constitutionally mandated legislation such as the Promotion of Equality and Prevention of Unfair Discrimination Act (2000) and the Promotion of Administrative Justice Act (2000); promotes the Constitution and its values; assists and protects independent institutions supporting constitutional democracy to ensure their independence and effectiveness; and coordinates, promotes and develops programmes in support of social justice and participatory democracy. By the end of 2012/13, this subprogramme had carried out 6 programmes on the promotion of administrative justice across the country, provided administrative support to 2 Chapter 9 institutions (the South African Human Rights Commission and the Public Protector of South Africa) and provided advice on salary adjustments for commissioners at the South African Human Rights Commission. It also dealt with the resolution of complaints received from Chapter 9 institutions against the department and launched the programme on the promotion and protection of the rights of lesbian, gay, bisexual, transgender and intersex persons. This subprogramme had a staff complement of 49 during this period. In the first half of 2013/14, 3 programmes on the promotion of administrative justice were delivered across the country and

administrative support to the Chapter 9 institutions was provided. This subprogramme had a staff complement of 55 at the end of September 2013.

## Expenditure estimates

**Table 24.11 State Legal Services**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
State Law Advisors	42.2	49.4	53.0	59.2	11.9%	6.7%	64.4	73.8	78.6	10.0%	7.1%
Litigation and Legal Services	243.1	267.5	315.0	312.9	8.8%	37.5%	331.1	353.5	376.1	6.3%	35.4%
Legislative Development and Law Reform	35.7	38.9	41.7	61.1	19.6%	5.8%	65.1	69.2	73.5	6.4%	6.9%
Master of the High Court	328.6	331.0	353.4	384.7	5.4%	46.0%	407.1	444.5	473.3	7.2%	44.1%
Constitutional Development	21.2	11.0	31.3	58.8	40.5%	4.0%	57.3	63.8	68.1	5.0%	6.4%
<b>Total</b>	<b>670.8</b>	<b>697.7</b>	<b>794.5</b>	<b>876.6</b>	<b>9.3%</b>	<b>100.0%</b>	<b>925.0</b>	<b>1 004.8</b>	<b>1 069.7</b>	<b>6.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				24.6			26.4	28.7	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>647.8</b>	<b>687.7</b>	<b>782.0</b>	<b>847.0</b>	<b>9.3%</b>	<b>97.5%</b>	<b>909.1</b>	<b>988.2</b>	<b>1 052.3</b>	<b>7.5%</b>	<b>97.9%</b>
Compensation of employees	520.4	595.1	651.2	722.1	11.5%	81.9%	778.9	857.6	914.8	8.2%	84.5%
Goods and services	126.7	92.5	130.7	124.9	-0.5%	15.6%	130.2	130.6	137.5	3.3%	13.5%
of which:											
Computer services	0.4	1.0	0.8	0.5	5.6%	0.1%	0.5	0.6	0.6	5.5%	0.1%
Operating leases	28.6	0.0	0.7	25.3	-4.0%	1.8%	26.8	28.1	29.6	5.3%	2.8%
Property payments	0.2	0.3	0.5	0.2	-1.3%	-	0.3	0.3	0.3	24.7%	-
Travel and subsistence	19.2	19.7	23.8	17.0	-3.9%	2.6%	14.1	17.9	18.9	3.5%	1.8%
Interest and rent on land	0.7	0.2	-	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>2.2</b>	<b>2.7</b>	<b>3.7</b>	<b>20.0</b>	<b>109.8%</b>	<b>0.9%</b>	<b>7.4</b>	<b>7.7</b>	<b>8.1</b>	<b>-25.9%</b>	<b>1.1%</b>
Foreign governments and international organisations	-	-	-	13.5	-	0.4%	5.8	6.1	6.4	-22.0%	0.8%
Households	2.2	2.6	3.7	6.5	44.0%	0.5%	1.5	1.6	1.7	-35.9%	0.3%
<b>Payments for capital assets</b>	<b>6.4</b>	<b>7.4</b>	<b>8.8</b>	<b>9.7</b>	<b>14.8%</b>	<b>1.1%</b>	<b>8.4</b>	<b>8.8</b>	<b>9.3</b>	<b>-1.2%</b>	<b>0.9%</b>
Machinery and equipment	6.4	7.4	8.8	9.7	14.8%	1.1%	8.4	8.8	9.3	-1.2%	0.9%
<b>Payments for financial assets</b>	<b>14.5</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>0.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>670.8</b>	<b>697.7</b>	<b>794.5</b>	<b>876.6</b>	<b>9.3%</b>	<b>100.0%</b>	<b>925.0</b>	<b>1 004.8</b>	<b>1 069.7</b>	<b>6.9%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	6.3%	6.1%	6.2%	6.2%			6.1%	6.3%	6.2%		

### Details of selected transfers and subsidies

<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>2.2</b>	<b>2.6</b>	<b>3.2</b>	<b>1.5</b>	<b>-12.3%</b>	<b>0.3%</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>	<b>5.3%</b>	<b>0.2%</b>
Employee social benefits	2.2	2.6	3.2	1.5	-12.3%	0.3%	1.5	1.6	1.7	5.3%	0.2%
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>0.5</b>	<b>5.0</b>	<b>-</b>	<b>0.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>
Employee social benefits	-	-	0.5	5.0	-	0.2%	-	-	-	-100.0%	0.1%
<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.5</b>	<b>-</b>	<b>0.4%</b>	<b>5.8</b>	<b>6.1</b>	<b>6.4</b>	<b>-22.0%</b>	<b>0.8%</b>
International Criminal Court	-	-	-	13.5	-	0.4%	5.8	6.1	6.4	-22.0%	0.8%

## Personnel information

**Table 24.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

State Legal Services	Number of posts estimated for 31 March 2014	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
				Actual 2012/13			Revised estimate 2013/14			Medium-term expenditure estimate						Average growth rate (%) 2013/14 - 2016/17	Salary level/total: Average (%)			
				Number	Cost	Unit Cost	Number	Cost	Unit Cost	2014/15		2015/16		2016/17						
Salary level	2 145	-	-	1 913	651.2	0.3	2 035	722.1	0.4	2 145	778.9	0.4	2 145	857.6	0.4	2 145	914.8	0.4	1.8%	100.0%
1 - 6	885	-	-	784	117.1	0.1	878	130.4	0.1	885	140.1	0.2	885	150.6	0.2	885	164.5	0.2	0.3%	41.7%
7 - 10	723	-	-	688	184.7	0.3	685	206.5	0.3	723	223.9	0.3	723	281.2	0.4	723	298.7	0.4	1.8%	33.7%
11 - 12	494	-	-	416	325.5	0.8	279	346.0	1.2	494	366.2	0.7	494	269.8	0.5	494	273.5	0.6	21.0%	20.8%
13 - 16	43	-	-	25	23.9	1.0	193	39.1	0.2	43	48.6	1.1	43	156.1	3.6	43	178.0	4.1	-39.4%	3.8%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on continuing to capacitate the Constitutional Development subprogramme, expanding services in the master's and state attorney offices in the Master of the High Court and State Law Advisor subprogrammes, and streamlining and increasing access to legal services.

Expenditure on compensation of employees takes up an average of 83.2 per cent of total spending over the seven-year period as this programme is human resource intensive. The number of personnel is expected to increase from 2 035 in 2013/14 to 2 145 in 2016/17, mostly at post levels 11 to 12, to support the achievement of these targets. The programme has a funded establishment of 2 145 posts, of which 110 were vacant at the end of November 2013, due to natural attrition. Between 2010/11 and 2013/14, expenditure on compensation of employees increased significantly due to additional allocations for the implementation of the occupation specific dispensation for legally qualified professionals and additional funding for improved conditions of service. These allocations also explain the significant increases in spending in the State Law Advisors and Legislative Development and Law Reform programmes over the same period.

The budget allocations over the medium term will enable the department to improve the legal system by preparing at least 15 bills and 20 subordinate legislative instruments for submission to the Minister of Justice and Constitutional Development, and increasing the number of state attorneys' offices from 12 in 2012/13 to 15 in 2016/17. In order to provide for legal costs to deal with cases against the state, spending on consultants and professional services (legal costs) increased at an average annual rate of 9.3 per cent between 2010/11 and 2013/14. This is projected to grow marginally over the medium term as the efficiency and effectiveness of state legal services improves.

## Programme 4: National Prosecuting Authority

### Objectives

- Improve the rate of successful prosecution by:
  - increasing the number of criminal court cases finalised with a verdict from 324 276 in 2014/15 to 330 794 by 2016/17
  - increasing the number of convictions in the regional and high courts from 28 351 in 2014/15 to 28 922 by 2016/17
  - increasing the number of criminal court cases finalised through alternative dispute resolution mechanisms from 149 204 in 2014/15 to 155 232 by 2016/17.
- Improve the conviction in cases that require specialised prosecution by:
  - ensuring that between 2014/15 and 2016/17, a total of 70 people are convicted for corruption where the amount involved is more than R5 million
  - increasing the number of convictions in complex commercial crime cases from 919 in 2014/15 to 937 by 2016/17
  - expanding the number of Thuthuzela care centres from 43 in 2013/14 to 60 by 2016/17.
- Contribute to the effectiveness of the criminal justice system by ensuring that threatened witnesses are successfully protected.
- Remove the profit from crime through increasing the impact of asset forfeiture by:
  - increasing the number of new completed forfeiture cases from 312 in 2013/14 to 350 by 2016/17
  - increasing the value of new completed forfeiture cases from R170 million in 2013/14 to R205 million by 2016/17
  - increasing the value of new freezing orders from R710 million in 2013/14 to R860 million by 2016/17.

### Subprogrammes

- *National Prosecutions Service* is discussed in more detail below.
- *National Specialised Prosecutions Services* deals with priority crimes, litigation, sexual offences and community affairs, and specialised commercial crime. By the end of 2012/13, a conviction rate on complex commercial crime cases of 92.9 per cent (639 convictions) had been achieved with a staff complement of

184. In the first half of 2013/14, the conviction rate on complex commercial crime cases was 94 per cent (529) with a staff complement of 186.

- *Asset Forfeiture Unit* seizes assets that are the proceeds of crime or have been part of an offence through a criminal or civil process. By the end of 2012/13, the success rate for this unit was 94.1 per cent (289 matters) with a staff complement of 133. In the first half of 2013/14, the success rate was 94.4 per cent (218 matters) and the staff complement was 134.
- *Office for Witness Protection* provides for protection, support and related services to vulnerable and intimidated witnesses and related persons in judicial proceedings in terms of the Witness Protection Act (1998). No witnesses or their related persons were threatened, harmed or killed in both 2012/13 and in the first half of 2013/14, and the staff complement was 155 and 154, respectively.
- *Support Services* provides corporate support services in terms of finance, human resources, ICT, strategy support, integrity, security communication and risk management to the National Prosecuting Authority. This subprogramme had a staff complement of 372 in 2012/13 and 350 and in the first half of 2013/14.

## Expenditure estimates

**Table 24.13 National Prosecuting Authority**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
National Prosecutions Service	1 622.9	1 722.7	1 920.1	2 015.1	7.5%	66.1%	2 152.6	2 262.5	2 394.2	5.9%	66.4%
National Specialised Prosecutions Services	207.0	229.1	223.4	289.4	11.8%	8.6%	307.6	320.5	341.8	5.7%	9.5%
Asset Forfeiture Unit	157.0	104.5	103.7	123.0	-7.8%	4.4%	121.6	125.5	133.7	2.8%	3.8%
Office for Witness Protection	128.0	132.9	149.3	151.1	5.7%	5.1%	161.4	161.4	171.6	4.3%	4.9%
Support Services	380.4	426.2	443.4	489.7	8.8%	15.8%	509.5	507.7	550.9	4.0%	15.5%
<b>Total</b>	<b>2 495.3</b>	<b>2 615.4</b>	<b>2 839.8</b>	<b>3 068.2</b>	<b>7.1%</b>	<b>100.0%</b>	<b>3 252.9</b>	<b>3 377.6</b>	<b>3 592.2</b>	<b>5.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				17.8			16.7	20.2	-		

### Economic classification

<b>Current payments</b>	<b>2 427.8</b>	<b>2 567.1</b>	<b>2 761.1</b>	<b>2 984.1</b>	<b>7.1%</b>	<b>97.5%</b>	<b>3 164.5</b>	<b>3 288.1</b>	<b>3 476.7</b>	<b>5.2%</b>	<b>97.2%</b>
Compensation of employees	1 952.2	2 101.0	2 310.8	2 471.3	8.2%	80.2%	2 634.7	2 780.9	2 940.9	6.0%	81.5%
Goods and services	465.4	457.3	450.3	512.8	3.3%	17.1%	529.9	507.3	535.8	1.5%	15.7%
of which:											
Computer services	29.3	38.8	50.1	60.0	27.0%	1.6%	61.2	64.5	65.2	2.8%	1.9%
Operating leases	34.9	16.0	15.4	14.8	-24.8%	0.7%	15.3	21.3	21.4	13.0%	0.5%
Property payments	68.8	74.6	63.7	76.6	3.6%	2.6%	90.1	68.8	88.7	5.0%	2.4%
Travel and subsistence	81.0	77.0	80.2	149.8	22.7%	3.5%	157.1	135.1	141.0	-2.0%	4.4%
Interest and rent on land	10.2	8.9	-	-	-100.0%	0.2%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>7.4</b>	<b>7.4</b>	<b>6.6</b>	<b>14.8</b>	<b>25.7%</b>	<b>0.3%</b>	<b>15.5</b>	<b>15.2</b>	<b>16.1</b>	<b>2.9%</b>	<b>0.5%</b>
Departmental agencies and accounts	1.8	2.0	2.2	7.4	59.8%	0.1%	7.8	8.1	8.6	4.8%	0.2%
Households	5.6	5.4	4.3	7.4	9.4%	0.2%	7.7	7.1	7.6	0.9%	0.2%
<b>Payments for capital assets</b>	<b>56.1</b>	<b>40.5</b>	<b>68.5</b>	<b>69.1</b>	<b>7.2%</b>	<b>2.1%</b>	<b>72.8</b>	<b>74.3</b>	<b>99.4</b>	<b>12.9%</b>	<b>2.4%</b>
Buildings and other fixed structures	14.7	15.4	17.7	18.9	8.7%	0.6%	19.9	20.5	21.8	4.8%	0.6%
Machinery and equipment	41.3	25.1	50.9	50.2	6.7%	1.5%	52.9	53.9	77.6	15.7%	1.8%
<b>Payments for financial assets</b>	<b>3.9</b>	<b>0.3</b>	<b>3.6</b>	<b>0.2</b>	<b>-62.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
<b>Total</b>	<b>2 495.3</b>	<b>2 615.4</b>	<b>2 839.8</b>	<b>3 068.2</b>	<b>7.1%</b>	<b>100.0%</b>	<b>3 252.9</b>	<b>3 377.6</b>	<b>3 592.2</b>	<b>5.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>23.6%</b>	<b>22.8%</b>	<b>22.0%</b>	<b>21.6%</b>			<b>21.5%</b>	<b>21.2%</b>	<b>20.9%</b>		

### Details of selected transfers and subsidies

<b>Households</b>											
<b>Social benefits</b>											
Current	5.6	5.4	4.3	7.4	9.4%	0.2%	7.7	7.1	7.6	0.9%	0.2%
Employee social benefits	5.6	5.4	4.3	7.4	9.4%	0.2%	7.7	7.1	7.6	0.9%	0.2%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
Current	1.8	2.0	2.2	7.4	59.8%	0.1%	7.8	8.1	8.6	4.8%	0.2%
Safety and security sector education and training authority	1.8	2.0	2.2	7.4	59.8%	0.1%	7.8	8.1	8.6	4.8%	0.2%

## Personnel information

**Table 24.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		2013/14			2014/15		2015/16		2016/17		2013/14 - 2016/17						
National Prosecuting Authority		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	5 097	435	4 972	2 310.8	0.5	4 999	2 471.3	0.5	5 160	2 634.7	0.5	5 165	2 780.9	0.5	5 237	2 940.9	0.6	1.6%	100.0%
1 – 6	1 010	128	842	149.8	0.2	702	157.3	0.2	661	167.6	0.3	658	176.7	0.3	783	188.4	0.2	3.7%	13.6%
7 – 10	2 343	277	2 278	796.1	0.3	2 269	849.5	0.4	2 491	917.2	0.4	2 499	969.9	0.4	2 445	1 033.9	0.4	2.5%	47.2%
11 – 12	1 517	29	1 620	1 131.8	0.7	1 793	1 218.2	0.7	1 771	1 287.6	0.7	1 771	1 358.8	0.8	1 772	1 425.0	0.8	-0.4%	34.6%
13 – 16	227	1	232	233.2	1.0	235	246.2	1.0	237	262.3	1.1	237	275.4	1.2	237	293.6	1.2	0.3%	4.6%

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

<sup>2</sup>. Rand million.

## Expenditure trends

The bulk of spending in this programme across the seven-year period is on compensation of employees. The spending focus over the medium term will be on capacitating the *National Prosecutions Service* and the *National Specialised Prosecutions Services* subprogrammes through the aspirant prosecutor programme. Expenditure on compensation of employees increased between 2010/11 and 2013/14 due to the implementation of the second phase of the occupation specific dispensation for legally qualified professionals and additional funding for improved conditions of service. R142.9 million in 2014/15, R150 million 2015/16 and R160 million in 2016/17 has been reprioritised mainly from the case backlog project, towards the appointment of permanent prosecutors. As a result, the number of personnel is expected to increase from 4 999 in 2013/14 to 5 237 in 2016/17. The programme has a funded establishment of 5 097 posts and 435 positions are filled additional to the establishment. At the end of November 2013, 147 posts were vacant, mainly due to natural attrition.

The budget allocation over the medium term will enable the National Prosecuting Authority to increase the number of criminal court cases finalised with verdicts from 324 276 in 2014/15 to 330 794 in 2016/17. In addition, it will enable it to increase the number of operational Thuthuzela care centres from 43 in 2013/14 to 60 by 2016/17, and the cumulative number of persons convicted of corruption for amounts higher than R5 million to 170 by 2016/17.

Expenditure in the *National Specialised Prosecution Services* subprogramme also increased significantly over this period, due to additional allocations for the establishment of Thuthuzela care centres. Expenditure on the *Asset Forfeiture Unit* subprogramme over the same period decreased, due to the shifting of funds from this subprogramme to the *National Prosecutions Service* subprogramme, which is discussed below.

## Subprogramme: National Prosecutions Service

This subprogramme is primarily responsible for general prosecutions and the appeals that may follow, which include resolving criminal matters outside of the formal trial process through alternative dispute resolution mechanisms, settling admissions of guilt for minor offences and considering dockets brought by the police where persons have not been charged. In 2012/13, 466 800 criminal court cases, including alternative dispute resolution mechanisms, were finalised by 3 042 legally qualified personnel. In the first half of 2013/14, the *National Prosecutions Service* finalised 259 744 criminal court cases, including alternative dispute resolution mechanisms, with 3 291 legally qualified personnel.

## Expenditure estimates

**Table 24.15 National Prosecutions Service**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million	1 615.8	1 717.0	1 914.6	2 009.3	7.5%	99.7%	2 146.5	2 256.6	2 387.5	5.9%	99.7%
<b>Current payments</b>											
Compensation of employees	1 532.0	1 639.5	1 834.7	1 919.6	7.8%	95.1%	2 050.8	2 165.2	2 289.7	6.1%	95.5%
Goods and services	83.6	77.4	79.9	89.7	2.4%	4.5%	95.7	91.5	97.8	2.9%	4.2%
Interest and rent on land	0.2	0.1	–	–	-100.0%	–	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>4.6</b>	<b>4.3</b>	<b>2.8</b>	<b>3.2</b>	<b>-11.5%</b>	<b>0.2%</b>	<b>3.4</b>	<b>3.1</b>	<b>3.3</b>	<b>1.0%</b>	<b>0.1%</b>
Households	4.6	4.3	2.8	3.2	-11.5%	0.2%	3.4	3.1	3.3	1.0%	0.1%
<b>Payments for capital assets</b>	<b>2.0</b>	<b>1.4</b>	<b>2.1</b>	<b>2.6</b>	<b>9.7%</b>	<b>0.1%</b>	<b>2.7</b>	<b>2.8</b>	<b>3.5</b>	<b>10.2%</b>	<b>0.1%</b>
Buildings and other fixed structures	0.2	–	0.0	0.1	-3.4%	–	0.2	0.2	0.2	4.6%	–
Machinery and equipment	1.8	1.4	2.1	2.5	10.7%	0.1%	2.6	2.6	3.3	10.5%	0.1%
<b>Payments for financial assets</b>	<b>0.6</b>	<b>0.0</b>	<b>0.6</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>1 622.9</b>	<b>1 722.7</b>	<b>1 920.1</b>	<b>2 015.1</b>	<b>7.5%</b>	<b>100.0%</b>	<b>2 152.6</b>	<b>2 262.5</b>	<b>2 394.2</b>	<b>5.9%</b>	<b>100.0%</b>
Proportion of total subprogramme expenditure to programme expenditure	65.0%	65.9%	67.6%	65.7%			66.2%	67.0%	66.7%		

## Personnel information

**Table 24.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

National Prosecutions Service	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
Salary level	4 025	354	3 976	1 834.68	0.46	3 989	1 919.61	0.48	4 056	2 050.81	0.51	4 059	2 165.15	0.53	4 124	2 289.69	0.56	1.1%	100.0%
1 – 6	835	94	658	116.68	0.18	528	122.08	0.23	466	130.33	0.28	461	138.69	0.30	584	146.67	0.25	3.4%	12.6%
7 – 10	1 923	257	1 909	638.72	0.33	1 898	668.29	0.35	2 061	715.28	0.35	2 069	761.18	0.37	2 011	804.96	0.40	1.9%	49.5%
11 – 12	1 139	3	1 272	896.63	0.70	1 424	938.14	0.66	1 391	1 002.08	0.72	1 391	1 049.14	0.75	1 391	1 109.49	0.80	-0.8%	34.5%
13 – 16	128	–	137	182.64	1.33	139	191.10	1.37	138	203.12	1.47	138	216.15	1.57	138	228.58	1.66	-0.2%	3.4%

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

2. Rand million.

## Expenditure trends

Expenditure on compensation of employees over the medium term is the most significant item of expenditure, owing to the labour intensive nature of this subprogramme. Spending on this item will allow the department to increase the number of personnel in the subprogramme from 3 989 in 2013/14 to 4 124 in 2016/17 in order to increase the number of cases finalised from 473 480 in 2014/15 to 486 026 in 2016/17.

The subprogramme has a funded establishment of 4 025 posts and 354 posts are filled additional to the establishment. The number of vacant posts was 147 at the end of November 2013, due to natural attrition.

Between 2010/11 and 2013/14, the increase in expenditure on compensation of employees was due to additional allocations for the implementation of the second phase of the occupation specific dispensation for legally qualified professionals and improved conditions of service. Expenditure on machinery and equipment increases significantly over the seven-year period as a result of the reclassification of finance leases and the purchasing of vehicles for protecting witnesses.

## Programme 5: Auxiliary and Associated Services

### Subprogrammes

- *Legal Aid South Africa* funds Legal Aid South Africa, which provides legal aid to indigent people and legal representation at the state's expense, as set out in the Constitution. By the end of 2012/13, Legal Aid South Africa had finalised 432 002 legal matters with 2 029 legal practitioners. In the first half of 2013/14, Legal Aid South Africa finalised 221 619 legal matters with 2 064 legal practitioners.
- *Special Investigating Unit* funds the Special Investigating Unit, which provides professional forensic investigating and litigation services to all state institutions at national, provincial and local levels to combat

maladministration, corruption and fraud; and protects state assets and public funds. By the end of 2012/13, 997 cases had been referred to the National Prosecuting Authority for criminal prosecutions. The number of investigators during this period was 302. In the first half of 2013/14, 29 cases were referred to the National Prosecuting Authority for criminal prosecutions and the number of investigators was 299.

- *Public Protector of South Africa* funds the Public Protector of South Africa, which investigates any alleged improper conduct in state affairs, public administration, or any sphere of government; as well as any conduct that results in any impropriety or prejudice. By the end of 2012/13, 20 160 complaints had been finalised and the number of investigators during this period was 85. In the first half of 2013/14, 13 938 complaints were finalised and the number of investigators was 92.
- *South African Human Rights Commission* funds the South African Human Rights Commission, which promotes and monitors the observance of human rights in South Africa. By the end of 2012/13, the commission had finalised 7 047 cases and the staff complement was 150. In the first half of 2013/14, 4 320 cases were finalised with a staff complement of 137.
- *Justice Modernisation* designs and implements IT infrastructure and networks; and re-engineers, automates and integrates business processes for the administration of civil and criminal justice in the integrated justice system. By the end of 2012/13, this subprogramme implemented case management integration solutions to 20 courts and 99 police stations.
- *President's Fund* provides funding for reparations flowing from the findings of the Truth and Reconciliation Commission. At the end of 2012/13, 73 surviving Truth and Reconciliation Commission victims and 237 rightful next of kin had been given access to the President's Fund in terms of individual reparations. The staff complement was 4 in this period. In the first half of 2013/14, regulations on basic and higher education were submitted to Cabinet for consideration and approval by the president and the staff complement was 4.

## Expenditure estimates

**Table 24.17 Auxiliary and Associated Services**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11	2013/14		
R million											
Legal Aid South Africa	1 116.4	1 137.5	1 255.1	1 375.4	7.2%	54.1%	1 465.9	1 545.7	1 627.6	5.8%	48.3%
Special Investigating Unit	171.1	323.2	340.7	295.9	20.0%	12.5%	296.8	313.1	329.7	3.7%	9.9%
Public Protector of South Africa	114.1	153.7	183.1	199.3	20.4%	7.2%	217.6	230.4	242.6	6.8%	7.1%
South African Human Rights Commission	74.4	89.8	101.5	119.3	17.1%	4.3%	128.1	137.2	145.3	6.8%	4.3%
Justice Modernisation	339.2	391.3	528.1	721.2	28.6%	21.9%	961.6	1 029.0	1 074.4	14.2%	30.4%
<b>Total</b>	<b>1 815.1</b>	<b>2 095.5</b>	<b>2 408.6</b>	<b>2 711.0</b>	<b>14.3%</b>	<b>100.0%</b>	<b>3 070.0</b>	<b>3 255.4</b>	<b>3 419.6</b>	<b>8.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(123.7)			(9.6)	(19.0)	-		

### Economic classification

<b>Current payments</b>	<b>329.8</b>	<b>381.4</b>	<b>432.6</b>	<b>655.6</b>	<b>25.7%</b>	<b>19.9%</b>	<b>621.2</b>	<b>621.5</b>	<b>645.2</b>	<b>-0.5%</b>	<b>20.4%</b>
Goods and services	329.8	381.4	432.6	655.6	25.7%	19.9%	621.2	621.5	645.2	-0.5%	20.4%
of which:											
Computer services	241.7	313.4	409.7	499.1	27.3%	16.2%	393.8	376.4	387.1	-8.1%	13.3%
Operating leases	2.7	-	-	4.1	14.7%	0.1%	4.3	4.5	4.8	5.3%	0.1%
Travel and subsistence	1.1	0.0	0.0	1.7	14.7%	-	1.8	1.9	2.0	5.3%	0.1%
<b>Transfers and subsidies</b>	<b>1 475.9</b>	<b>1 704.2</b>	<b>1 880.5</b>	<b>1 989.9</b>	<b>10.5%</b>	<b>78.1%</b>	<b>2 108.4</b>	<b>2 226.4</b>	<b>2 345.2</b>	<b>5.6%</b>	<b>69.6%</b>
Departmental agencies and accounts	1 475.9	1 704.2	1 880.5	1 989.9	10.5%	78.1%	2 108.4	2 226.4	2 345.2	5.6%	69.6%
<b>Payments for capital assets</b>	<b>9.3</b>	<b>9.9</b>	<b>95.5</b>	<b>65.5</b>	<b>91.5%</b>	<b>2.0%</b>	<b>340.4</b>	<b>407.6</b>	<b>429.2</b>	<b>87.1%</b>	<b>10.0%</b>
Machinery and equipment	5.7	9.9	87.0	65.5	126.2%	1.9%	340.4	407.6	429.2	87.1%	10.0%
Software and other intangible assets	3.7	-	8.4	-	-100.0%	0.1%	-	-	-	-	-
<b>Total</b>	<b>1 815.1</b>	<b>2 095.5</b>	<b>2 408.6</b>	<b>2 711.0</b>	<b>14.3%</b>	<b>100.0%</b>	<b>3 070.0</b>	<b>3 255.4</b>	<b>3 419.6</b>	<b>8.0%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>17.1%</b>	<b>18.3%</b>	<b>18.7%</b>	<b>19.1%</b>			<b>20.2%</b>	<b>20.5%</b>	<b>19.9%</b>		

### Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
<b>Current</b>	<b>1 475.9</b>	<b>1 704.2</b>	<b>1 880.5</b>	<b>1 989.9</b>	<b>10.5%</b>	<b>78.1%</b>	<b>2 108.4</b>	<b>2 226.4</b>	<b>2 345.2</b>	<b>5.6%</b>	<b>69.6%</b>
Legal Aid South Africa	1 116.4	1 137.5	1 255.1	1 375.4	7.2%	54.1%	1 465.9	1 545.7	1 627.6	5.8%	48.3%
Special Investigating Unit	171.1	323.2	340.7	295.9	20.0%	12.5%	296.8	313.1	329.7	3.7%	9.9%
Public Protector of South Africa	114.1	153.7	183.1	199.3	20.4%	7.2%	217.6	230.4	242.6	6.8%	7.1%
South African Human Rights Commission	74.4	89.8	101.5	119.3	17.1%	4.3%	128.1	137.2	145.3	6.8%	4.3%

## **Expenditure trends**

This programme's budget is comprised predominantly of transfers to public entities and constitutional institutions. The increases in transfers between 2010/11 and 2013/14 were mainly for growing the investigative capacity in the Public Protector of South Africa and the Special Investigating Unit in order to intensify the fight against corruption, maladministration, malpractices and improper conduct in state affairs.

The spending focus over the medium term will be on building capacity in these entities as well as accelerating modernisation projects administered by the department on behalf of the justice, crime prevention and security cluster. The modernisation of the criminal justice system is in line with government's priority of improving all components of the criminal justice system.

The significant growth in expenditure in the Justice Modernisation subprogramme between 2010/11 and 2013/14 is as a result of funds that were reprioritised from the Department of Police to the Department of Justice and Constitutional Development for the revamping of the criminal justice system. This is also the reason for the significant increase in expenditure on computer services, which are key to the modernisation initiative, and accounts for the projected increase in expenditure on goods and services over the medium term. The modernisation and revamp of the justice system initiative received additional allocations over this period, as did the transfers to entities and constitutional institutions, to fund an increase in personnel.

R90 million over the medium term has been reprioritised from the Justice Modernisation subprogramme for human resource capacity in the Financial Intelligence Centre.

## **Public entities and other agencies**

### **Legal Aid South Africa**

#### **Mandate and goals**

The Legal Aid Board, trading as Legal Aid South Africa, was established in terms of section 2 of the Legal Aid Act (1969), to provide legal aid to indigent people as well as legal representation at the state's expense to eligible people in terms of the Constitution. It is required to provide independent and impartial legal aid, with the intention of improving justice and public confidence in the law and the administration of justice. It aims to be a leader in the provision of accessible, sustainable, ethical, independent and quality legal services to the poor and vulnerable. To this end, the entity has identified the following priority groups: children; all detained people, including sentenced prisoners; all accused people who wish to appeal or review a court decision in a higher court; women, particularly in divorces, maintenance and domestic violence cases; and the landless, especially in eviction cases.

The organisation's strategic goals over the medium term are to:

- empower clients and communities to make informed choices about their legal rights and responsibilities
- ensure an accessible, effective and efficient justice system serving all in South Africa
- create effective, sustained stakeholder partnerships that are able to jointly increase access to justice as well as support other external developing legal aid organisations
- ensure financial and non-financial sustainability that impacts positively on society, the economy and the environment
- ensure good governance practices that enable high performance and accountability
- create and maintain a recognised, respected, independent and acclaimed legal aid brand
- ensure an effective and efficient, economic and environmentally responsive supply chain management system supporting client services delivery and internal business processes
- promote employee value proposition that is able to recruit and retain the best talent to deliver the organisation's mandate and strategies
- develop modern, integrated, secure and effective information technology platforms facilitating client services and linkages and enabling internal business needs.

## Selected performance indicators

Table 24.18: Legal Aid South Africa

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new legal matters approved for legal aid per year:	Legal aid service and special projects		421 381	428 653	438 844	443 508	446 195	449 016	451 710
- Criminal matters			389 914	382 125	383 567	389 768	389 768	389 768	392 107
- Civil matters			31 467	46 528	55 277	53 740	56 427	59 248	59 603
Number of legal matters finalised per year:	Legal aid service and special projects	Outcome 3: All people in South Africa are and feel safe	405 907	414 517	432 002	437 641	446 508	455 927	458 663
- Criminal matters			385 612 (95%)	385 918 (91.3%)	389 624 (90%)	391 962 (89.5%)	394 314 (88.3%)	396 679 (87%)	399 059 (87%)
- Civil matters			20 295 (5%)	28 599 (8.6%)	42 378 (10%)	45 679 (10.5%)	52 194 (11.7%)	59 348 (13%)	59 604 (13%)
Ratio of legal aid practitioners per district court per year	Legal aid service and special projects		1:1	1:1	1:1	1:1	1:1	1:1	
Ratio of legal aid practitioners per regional court per year	Legal aid service and special projects		1.20:1	1.21:1	1.25:1	1.25:1	1.25:1	1.25:1	1.25:1

## Programmes/activities/objectives

Table 24.19 Legal Aid South Africa

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2016/17
R million											
Administration	135.8	152.2	187.8	217.6	17.0%	14.1%	225.8	242.2	261.4	6.3%	15.5%
Legal aid services	919.8	947.3	1 008.1	1 109.2	6.4%	81.7%	1 175.5	1 224.4	1 271.2	4.6%	78.4%
Special projects	49.9	30.0	57.1	69.7	11.8%	4.2%	84.5	100.1	117.1	18.9%	6.0%
<b>Total expense</b>	<b>1 105.6</b>	<b>1 129.5</b>	<b>1 253.0</b>	<b>1 396.6</b>	<b>8.1%</b>	<b>100.0%</b>	<b>1 485.8</b>	<b>1 566.7</b>	<b>1 649.7</b>	<b>5.7%</b>	<b>100.0%</b>

## Expenditure estimates

Table 24.20 Legal Aid South Africa

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2016/17
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>20.9</b>	<b>21.9</b>	<b>22.5</b>	<b>21.1</b>	<b>0.3%</b>	<b>1.8%</b>	<b>19.8</b>	<b>21.0</b>	<b>22.1</b>	<b>1.6%</b>	<b>1.4%</b>
Other non-tax revenue	20.9	21.9	22.5	21.1	0.3%	1.8%	19.8	21.0	22.1	1.6%	1.4%
<b>Transfers received</b>	<b>1 116.4</b>	<b>1 137.5</b>	<b>1 255.1</b>	<b>1 375.4</b>	<b>7.2%</b>	<b>98.2%</b>	<b>1 465.9</b>	<b>1 545.7</b>	<b>1 627.6</b>	<b>5.8%</b>	<b>98.6%</b>
<b>Total revenue</b>	<b>1 137.3</b>	<b>1 159.4</b>	<b>1 277.7</b>	<b>1 396.6</b>	<b>7.1%</b>	<b>100.0%</b>	<b>1 485.8</b>	<b>1 566.7</b>	<b>1 649.7</b>	<b>5.7%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>1 105.6</b>	<b>1 129.5</b>	<b>1 253.0</b>	<b>1 396.6</b>	<b>8.1%</b>	<b>100.0%</b>	<b>1 485.8</b>	<b>1 566.7</b>	<b>1 649.7</b>	<b>5.7%</b>	<b>100.0%</b>
Compensation of employees	768.0	844.4	919.5	1 051.8	11.1%	73.2%	1 133.1	1 199.0	1 277.9	6.7%	76.4%
Goods and services	316.7	254.5	302.2	304.0	-1.4%	24.3%	310.4	323.1	325.0	2.3%	20.7%
Depreciation	20.4	30.3	31.0	40.5	25.6%	2.5%	42.2	44.4	46.7	4.9%	2.9%
Interest, dividends and rent on land	0.5	0.4	0.3	0.3	-18.8%	0.0%	0.1	0.1	0.1	-18.3%	0.0%
<b>Total expenses</b>	<b>1 105.6</b>	<b>1 129.5</b>	<b>1 253.0</b>	<b>1 396.6</b>	<b>8.1%</b>	<b>100.0%</b>	<b>1 485.8</b>	<b>1 566.7</b>	<b>1 649.7</b>	<b>5.7%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>32.0</b>	<b>30.0</b>	<b>25.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 24.20 Legal Aid South Africa**

Statement of financial position	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Carrying value of assets	120.9	114.8	110.7	142.3	5.6%	25.9%	146.7	150.1	139.0	-0.8%	23.9%
<i>of which:</i>											
Acquisition of assets	53.1	20.8	24.8	26.0	-21.2%	6.9%	30.6	33.9	22.9	-4.1%	4.7%
Inventory	-	-	1.1	-	-	0.1%	-	-	-	-	-
Receivables and prepayments	9.1	15.4	29.3	30.6	49.8%	4.3%	32.3	34.0	35.7	5.3%	5.5%
Cash and cash equivalents	276.6	296.2	342.5	418.8	14.8%	69.8%	419.4	427.8	439.4	1.6%	70.6%
Non-current assets held for sale	0.0	0.1	-	0.1	30.4%	0.0%	0.1	0.1	-	-100.0%	0.0%
<b>Total assets</b>	<b>406.6</b>	<b>426.4</b>	<b>483.6</b>	<b>591.9</b>	<b>13.3%</b>	<b>100.0%</b>	<b>598.5</b>	<b>612.0</b>	<b>614.2</b>	<b>1.2%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	194.8	227.2	251.8	238.2	6.9%	50.7%	226.3	226.0	214.7	-3.4%	37.5%
Finance lease	3.8	2.0	4.1	3.0	-7.4%	0.7%	3.2	3.3	3.5	5.1%	0.5%
Trade and other payables	63.1	63.9	94.4	99.5	16.4%	17.7%	104.8	110.5	116.0	5.3%	17.8%
Provisions	144.9	133.3	133.3	140.5	-1.0%	30.9%	148.1	156.1	163.9	5.3%	25.2%
<b>Total equity and liabilities</b>	<b>406.6</b>	<b>426.4</b>	<b>483.6</b>	<b>481.2</b>	<b>5.8%</b>	<b>100.0%</b>	<b>482.4</b>	<b>495.9</b>	<b>498.1</b>	<b>1.2%</b>	<b>81.0%</b>

## Personnel information

**Table 24.21 Legal Aid South Africa**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	2 668	2 714	2 576	919.5	0.4	2 526	1 051.8	0.4	2 668	1 133.1	0.4	2 668	1 199.0	0.4	2 668	1 277.9	0.5	6.7%	100.0%
1 - 6	1 126	1 145	1 052	140.7	0.1	1 061	180.4	0.2	1 099	187.3	0.2	1 099	195.7	0.2	1 099	210.0	0.2	5.2%	41.4%
7 - 10	454	462	421	117.5	0.3	431	167.9	0.4	462	180.7	0.4	462	194.4	0.4	462	189.0	0.4	4.0%	17.3%
11 - 12	442	450	594	308.0	0.5	420	209.6	0.5	450	237.0	0.5	450	250.3	0.6	450	275.3	0.6	9.5%	16.8%
13 - 16	646	657	509	353.4	0.7	614	494.0	0.8	657	528.1	0.8	657	558.6	0.9	657	603.5	0.9	6.9%	24.5%

1. Rand million.

## Expenditure trends

The spending focus of Legal Aid South Africa over the medium term will be on accelerating the provision of legal aid, particularly on civil matters, by increasing the number of legal practitioners. To give effect to this, R36 million in 2014/15, R38 million in 2015/16 and R40.5 million in 2016/17 has been reprioritised from the case backlog project towards the appointment of permanent legal practitioners. In addition, additional amounts of R11.9 million in 2014/15, R11 million in 2015/16 and R11.6 million in 2016/17 are allocated for the implementation of the Children's Act (2005) and the Child Justice Act (2008), as well as for the revamp of the criminal justice system.

These allocations will increase the number of legal practitioners from 2 116 in 2013/14 to 2 131 in 2016/17, thereby increasing the number of civil matters finalised from 45 679 to 59 604. Legal Aid South Africa has a funded establishment of 2 668 and the number of filled posts is expected to increase from 2 526 in 2013/14 to 2 668 in 2016/17. There were 142 vacant posts as at 30 November 2013, due to natural attrition and resignations. Judicare, which outsources legal representation to private practitioners, and is used in instances where Legal Aid South Africa does not have offices or capacity or where there is a potential conflict of interest, will be maintained at current levels.

Between 2010/11 and 2013/14, the increase in expenditure in the special projects programme was due to additional funding from the Department of Justice and Constitutional Development for the implementation of legislation that protects vulnerable groups, specifically the Children's Act (2005) and the Child Justice Act (2008). This increase also coincided with a significant growth in the administration programme, caused by the renewal of contractual agreements on office rentals, IT and security. The cost escalation on these contracts is usually higher than the inflationary adjustment on the budget. The significant increase in expenditure on compensation of employees in the same period was due to funds received for the implementation of phase 2 of the occupation specific dispensation for legally qualified professionals.

Over the medium term, the legal aid services programme will continue to be the largest driver of spending, and this is in line with its mandate of providing legal aid to indigents. Spending in the special projects is expected to increase significantly to accelerate the provision of legal aid services to vulnerable groups. The budget allocations over this period will enable Legal Aid South Africa to increase the number of cases finalised from 437 641 in 2013/14 to 458 663 in 2016/17.

### **Other public entities and agencies**

- The **Public Protector of South Africa** is mandated to strengthen constitutional democracy by investigating any conduct in state affairs, or in the public administration in any sphere of government that is alleged or suspected to be improper or to result in any impropriety or prejudice; to report on that conduct; and to take appropriate remedial action. Its total budget in 2014/15 is R218.2 million.
- The **South African Human Rights Commission** is an independent statutory body, established to support constitutional democracy by promoting, protecting and monitoring human rights. The Commission's total budget for 2014/15 is R128.1 million.
- The **Special investigating Unit** is established to investigate and litigate on serious malpractices, maladministration and corruption in connection with the administration of state institutions. The Special Investigating Unit is now empowered to institute and conduct civil proceedings in any court of law or special tribunal, in its own name or on behalf of state institutions. The unit's total budget for 2014/15 is R510.3 million.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
<b>R million</b>										
<b>Departmental infrastructure</b>										
Nelspruit high court	New building for the province	Construction	706.4	5.0	74.8	14.4	111.6	237.9	140.0	302.7
Pokwane high court	New building for the province	Construction	796.5	51.4	126.4	72.7	173.9	145.5	23.5	-
Niuzama magistrate's office	New building	Hand over	274.3	61.5	-	14.0	9.2	-	-	-
Port Shepstone magistrate's office	New building	Tender	251.8	-	-	12.2	2.0	13.4	40.3	80.6
South Gauteng high court	Extensions to existing building	Construction	385.8	77.0	-	150.5	63.4	58.0	102.9	19.5
Accessibility Programme: Phase 2	Accessibility to court facilities	Feasibility	100.0	-	0.7	12.5	25.9	5.0	21.5	22.6
Plettenberg Bay magistrate's office	New building	Design	148.0	-	-	-	13.8	29.6	59.2	37.0
Soweto Magistrate Court (formally referred to as Orlando Magistrate)	New building	Tender	-	-	-	-	0.3	1.0	5.0	5.0
Kathlehong magistrate office	New building	Hand over	332.2	76.9	146.2	90.3	9.7	-	-	-
Mamelodi magistrate office	New building	Tender	123.8	0.1	-	14.7	10.0	29.0	49.5	31.0
Booyens magistrate office	New building	Design	262.4	-	-	-	2.5	13.1	34.0	65.6
Galeshewe magistrate office	New building	Handed over	56.0	1.4	-	-	-	-	-	-
Richard's Bay magistrate office	New building	Design	207.1	3.4	-	-	2.5	35.0	41.4	51.8
Kagiso magistrate office	New building	Hand over	74.1	26.3	18.7	1.8	17.8	5.0	-	-
Jan Kempdorp magistrate office	New building	Design	45.0	6.8	-	0.1	0.3	0.5	5.0	5.0
Hankey magistrate office	New building	Hand over	32.2	8.9	0.1	13.9	-	-	-	-
Tsakane magistrate office	New building	Hand over	16.2	4.5	-	-	0.2	-	-	-
Ekgangala magistrate office	New building	Handed over	22.3	3.0	0.8	7.7	6.7	-	-	-
Garies magistrate office	New building	Design	86.8	-	-	0.4	-	1.0	2.0	5.0
Ashton periodical court	New building	Handed over	119.5	1.2	113.3	-	1.4	-	-	-
Lothair periodical court	New building	Design	0.7	0.5	1.5	0.7	2.5	-	-	-
Luizville periodical court	New building	Handed over	11.8	1.8	0.4	5.2	1.7	-	-	-
Bityi periodical court	New building	Design	53.0	0.4	0.3	1.0	0.5	1.0	16.7	10.0
Dimbaza periodical court	New building	Design	104.2	0.6	-	3.6	1.0	5.0	17.0	16.9
Bloemfontein Supreme Court of Appeal	Extensions to existing building	Hand over	129.8	11.9	-	65.3	14.9	-	-	-
Pietermaritzburg Masters Office: Colonial building	Extensions to existing building	Handed over	138.5	36.5	-	7.4	2.2	-	-	-
Butterworth magistrate office	Extensions to existing building	Hand over	52.5	5.9	0.5	4.4	5.8	-	-	-
Stanger magistrate office	Extensions to existing building	Handed over	52.8	6.6	1.9	7.0	33.0	-	-	-
Soshanguve magistrate office	Extensions to existing building	Design	69.9	-	-	4.6	2.0	1.5	2.0	2.0
Port Elizabeth high court	Extensions to existing building	Tender	86.4	0.3	2.3	2.8	1.2	23.0	22.9	25.0
Pietermaritzburg NPA Building	Extensions to existing building	Design	75.0	-	-	-	-	5.0	8.0	5.0
Humansdorp magistrate office	Extensions to existing building	Design	19.7	-	-	0.3	2.1	0.5	1.0	1.5
Bredasdorp magistrate office	Extensions to existing building	Handed over	27.4	1.8	1.0	21.2	-	-	-	-
Calvinia magistrate office	Extensions to existing building	Design	17.4	0.2	-	-	2.6	-	-	-
KwaMbonambi periodical court	Extensions to existing building	Design	61.4	0.0	-	0.8	3.1	2.0	2.0	2.0
Umtata magistrate office	Extensions to existing building	Design	162.4	2.5	-	-	15.9	5.0	20.0	20.0
Cala magistrate office	Extensions to existing building	Design	12.2	0.3	-	-	1.3	0.5	1.0	1.5
Tarkastad magistrate office	Extensions to existing building	Hand over	9.4	3.0	-	-	2.1	-	-	-

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
				2010/11	2011/12	2012/13		2013/14	2014/15	2015/16	2016/17
<b>R million</b>											
<b>Departmental infrastructure</b>											
Schweizer-Reneke magistrate office	Extensions to existing building	Hand over	11.3	6.0	0.0	-	3.3	1.5	-	-	-
Danielskui periodical court	Extensions to existing building	Hand over	9.5	2.4	1.4	3.7	1.4	-	-	-	-
Nyoni periodical court	Extensions to existing building	Design	13.8	-	-	1.5	3.3	2.0	3.0	2.0	2.0
Wolmarstad magistrate office	Extensions to existing building	Design	29.9	-	0.2	1.4	1.5	1.0	1.0	1.0	1.0
Bisho high court	Extensions to existing building	Feasibility	28.3	0.4	0.0	-	4.9	1.0	1.0	1.0	1.0
Mount Ayliff magistrate office	Extensions to existing building	Design	55.6	0.9	-	-	1.4	1.0	1.0	1.0	1.0
Barkeley East magistrate office	Extensions to existing building	Design	6.6	0.2	-	-	1.4	1.0	1.0	1.0	1.0
Whittlesea magistrate office	Extensions to existing building	Design	68.5	1.4	-	-	0.3	1.0	5.0	30.0	30.0
Christiana magistrate office	Extensions to existing building	Design	18.2	-	-	0.4	1.2	1.5	1.3	1.4	1.4
Fraserburg magistrate office	Extensions to existing building	Design	9.6	-	-	-	1.3	0.5	1.0	1.0	1.0
Deben periodical court	Extensions to existing building	Handed over	3.6	-	-	-	-	-	-	-	-
Umbumbulu magistrate office	Extensions to existing building	Tender	48.3	0.2	-	2.9	2.3	3.0	4.4	4.7	4.7
Riversdale magistrate office	Extensions to existing building	Hand over	20.2	3.0	9.1	5.1	2.2	-	-	-	-
Galvaldale magistrate office	Extensions to existing building	Hand over	54.1	11.0	-	28.8	1.3	-	-	-	-
Repairs and maintenance	Repairs and maintenance to various offices	Various	190.8	8.2	72.9	-	-	-	-	-	-
Upgrading, renovations and refurbishments	Upgrading of various offices	Various	92.5	105.0	0.9	-	0.1	0.1	0.0	0.0	0.0
Various smaller courts	Upgrading of various offices	Design	125.5	-	0.2	0.0	21.7	0.1	0.1	0.1	0.1
Various smaller courts	Smaller construction projects	Construction	52.3	-	6.0	0.0	7.0	0.0	0.0	0.0	0.0
Goodwood magistrate office	New building	Pre-feasibility	145.5	-	-	-	5.9	55.0	1.5	2.0	2.0
Planning for various courts	Smaller construction projects	Identification	72.3	-	-	0.0	5.0	55.0	0.1	0.1	25.1
Tshilwanusiku magistrate office	New building	Design	9.5	-	-	0.4	0.5	2.5	2.5	7.0	7.0
Isineng magistrate office	New building	Identification	49.2	-	-	-	3.0	2.0	0.1	0.1	0.1
2nd Gelvandale magistrate office	Upgrading of various offices	Construction	6.8	-	-	0.2	4.5	1.0	-	-	-
Ondendaalsrus magistrate office	Extensions to existing building	Feasibility	0.7	-	-	-	5.5	0.6	-	-	-
Villiers magistrate office	Extensions to existing building	Feasibility	7.7	-	-	-	5.7	1.0	1.0	1.0	1.0
Bultfontein magistrate office	Extensions to existing building	Feasibility	1.1	-	-	-	7.9	0.5	1.0	-	-
Bloemfontein high court	Extensions to existing building	Design	1.6	-	-	-	9.9	0.5	0.5	-	-
Kronstad magistrate office	Extensions to existing building	Design	2.6	-	-	-	5.5	1.0	1.5	-	-
Welkom magistrate office	Extensions to existing building	Design	18.2	-	-	-	6.7	1.5	8.5	2.0	2.0
Caledon magistrate office	Extensions to existing building	Hand over	16.9	-	-	14.4	2.5	1.5	1.0	-	-
Ladysmith magistrate office (Western Cape)	Extensions to existing building	Design	10.9	-	-	0.9	1.2	1.0	1.0	1.0	1.0
Grabouw magistrate office	Extensions to existing building	Design	8.5	-	-	0.3	1.7	2.0	4.0	0.8	0.8
Clanwilliam magistrate office	Extensions to existing building	Design	9.4	-	-	0.0	1.6	3.0	4.0	-	-
Cape Town magistrate office	Extensions to existing building	Design	14.7	-	-	0.2	9.0	2.0	2.0	3.0	3.0
Cape Town Justice Building	Extensions to existing building	Design	109.1	-	-	0.3	10.0	15.0	31.0	55.0	55.0
Misinga magistrate office	Extensions to existing building	Design	22.0	-	-	6.6	2.4	2.5	1.6	1.7	1.7
Umzimkulu magistrate office	Extensions to existing building	Design	45.8	-	-	1.0	1.7	2.5	3.0	3.0	3.0
Ixopo Justice Cluster	Extensions to existing building	Design	25.2	-	-	1.7	2.5	3.8	3.0	3.0	3.0
Ingwavuma Justice Cluster	Extensions to existing building	Design	32.4	-	-	1.8	7.0	2.0	2.0	2.0	2.0

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R million										
Kranskop Justice Cluster	Extensions to existing building	Design	5.1	-	-	0.7	2.3	0.5	1.0	1.0
Greytown Justice Cluster	Extensions to existing building	Design	21.8	-	-	2.7	2.0	1.0	1.8	1.9
Bergville Justice Cluster	Extensions to existing building	Design	25.7	-	-	0.1	3.8	2.0	2.0	2.0
Paulpietersburg Justice Cluster	Extensions to existing building	Design	17.2	-	-	1.3	1.9	1.0	1.5	1.6
Magudu Justice Cluster	Extensions to existing building	Design	18.2	-	-	0.5	1.7	1.0	1.6	1.7
Sundumbili magistrate office	Extensions to existing building	Design	16.5	-	-	-	1.9	1.0	1.0	2.0
Newcastle magistrate office	Extensions to existing building	Design	98.0	-	-	1.5	2.1	1.0	1.0	1.0
Durban magistrate office	Extensions to existing building	Design	106.0	-	-	4.1	4.1	1.0	1.0	2.5
Vulamehlo magistrate office	Extensions to existing building	Design	40.4	-	-	-	3.0	1.0	1.0	1.0
Poladder magistrate office	Extensions to existing building	Design	20.0	-	-	-	1.6	0.5	0.5	0.5
Hopetown magistrate office	Extensions to existing building	Design	34.0	-	-	0.8	1.6	1.0	1.0	1.0
Kakamas magistrate office	Extensions to existing building	Design	5.9	-	-	-	1.5	1.0	2.0	18.1
Keimoes magistrate office	Construction of new Court	Design	19.1	-	-	-	1.6	1.0	5.0	3.0
Mankwe magistrate office	Extensions to existing building	Hand over	-	-	-	0.1	3.2	-	-	-
Klerksdorp magistrate office	Extensions to existing building	Design	29.8	-	-	0.8	2.6	8.8	2.8	3.0
Evander magistrate office	Extensions to existing building	Design	2.3	-	-	0.1	3.0	0.2	0.2	3.5
Tzaneen magistrate office	Extensions to existing building	Design	24.9	-	-	0.4	1.5	0.2	1.0	20.0
Dzananani magistrate office	Extensions to existing building	Design	19.8	-	-	0.6	2.5	2.5	3.5	10.0
Naboomspruit magistrate office	Extensions to existing building	Design	30.8	-	-	0.1	2.5	1.0	2.7	5.0
Ezibeleni magistrate office	Extensions to existing building	Design	17.9	-	-	0.9	2.3	0.2	0.7	1.0
King Williams Town magistrate office	Extensions to existing building	Design	6.4	-	-	0.1	2.5	0.3	0.8	1.5
Grahamstown magistrate office	Extensions to existing building	Design	5.1	-	-	-	2.5	1.4	0.8	0.8
Seymour magistrate office	Extensions to existing building	Design	22.1	-	-	0.0	2.5	1.0	1.5	3.0
Middelburg magistrate office (Eastern Cape)	Extensions to existing building	Design	47.4	-	-	0.8	2.5	1.0	1.0	6.5
Port Elizabeth magistrate office	Extensions to existing building	Design	12.0	-	-	0.7	6.5	1.2	5.0	5.0
Bedford magistrate office	Extensions to existing building	Design	12.8	-	-	0.2	2.9	2.5	1.2	1.3
Odi Magistrate Office	Extensions to existing building	Design	53.6	-	-	-	5.9	3.0	5.0	40.0
Pretoria Palace of Justice	Extensions to existing building	Tender	21.0	-	-	2.8	15.6	12.5	8.5	-
Rustenburg Magistrate Office	Extensions to existing building	Design	85.0	-	-	-	-	8.5	26.0	49.5
<b>Total</b>			<b>7 392.3</b>	<b>542.5</b>	<b>683.6</b>	<b>621.2</b>	<b>784.6</b>	<b>844.5</b>	<b>784.1</b>	<b>1 046.9</b>

# Vote 25

## Police

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	15 304.0	13 479.7	468.4	1 355.9	16 147.7	17 132.5
Visible Policing	37 008.8	35 883.8	193.1	931.8	39 091.6	41 796.0
Detective Services	15 242.7	14 693.1	61.3	488.4	16 062.1	17 162.1
Crime Intelligence	2 880.8	2 833.3	9.8	37.6	3 049.0	3 253.5
Protection and Security Services	2 070.9	2 034.5	4.5	31.9	2 190.9	2 338.9
<b>Total expenditure estimates</b>	<b>72 507.2</b>	<b>68 924.4</b>	<b>737.1</b>	<b>2 845.7</b>	<b>76 541.3</b>	<b>81 682.9</b>

Executive authority: Minister of Police  
Accounting officer: National Commissioner of the South African Police Service  
Website address: [www.saps.gov.za](http://www.saps.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Prevent, combat and investigate crime, maintain public order, protect and secure the inhabitants of South Africa and their property, and uphold and enforce the law.*

### Mandate

The South African Police Service derives its powers and functions from section 205 of the Constitution and from the South African Police Service Act (1995). This legislation regulates the police service in terms of its core function, which is to prevent, investigate and combat crime.

### Strategic goals

Ensuring that all people in South Africa are and feel safe (outcome 3) is the broad outcome for the justice, crime prevention and security cluster. To deliver on this outcome and ensure safer communities, the department's ongoing strategic goals are to:

- reduce the number of serious crimes
- combat border and cyber crime
- increase the percentage of trial ready case dockets for serious crimes
- stabilise public protests
- enhance local police capability.

Another broad outcome that the department's strategic plan addresses is an efficient, effective and development orientated public service (outcome 12), specifically in relation to service delivery quality and access. The main focus is on ensuring adequate availability of and access to police service points by bringing police service points closer to communities. This goal has been prioritised in the department's medium term infrastructure and capital asset plan, with particular emphasis on constructing police stations and establishing additional service points in rural areas.

As part of the department's contribution to the creation of a better South Africa and safer Africa in a better world (outcome 11), the South African Police Service supports the advancement of South Africa's position on security and stability issues in Africa in organs such as the United Nations (UN), African Union (AU) and Southern African Development Community (SADC). Provision of specialised policing services to AU member

states includes the deployment of police officials for peace keeping missions and cross-border operations within the Southern African Development Community.

## Programme purposes

### Programme 1: Administration

**Purpose:** Develop policy and manage the department, including providing administrative support. Provide for the functions of the Civilian Secretariat for Police.

### Programme 2: Visible Policing

**Purpose:** Enable police stations to institute and preserve safety and security, and provide for specialised interventions and the policing of South Africa's borders.

### Programme 3: Detective Services

**Purpose:** Enable the investigative work of the South African Police Service, including providing support to investigators in terms of forensic evidence and the criminal record centre.

### Programme 4: Crime Intelligence

**Purpose:** Manage crime intelligence and analyse crime information, and provide technical support for investigations and crime prevention operations.

### Programme 5: Protection and Security Services

**Purpose:** Provide protection and security services to all identified dignitaries and government interests.

## Selected performance indicators

Table 25.1 Police

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14 <sup>2</sup>	2014/15 <sup>1</sup>	2015/16 <sup>1</sup>	2016/17 <sup>1</sup>
Number of serious crimes reported <sup>3</sup> per year	Visible Policing	Outcome 3: All people in South Africa are and feel safe	1 839 645	1 825 548	1 833 775	1 753 256	1 718 191	1 683 827	1 650 150
Total number of rural police stations implementing the minimum criteria of the rural safety strategy pillars <sup>4</sup>	Visible Policing		–	–	–	–	50 <sup>4</sup>	50 <sup>4</sup>	50 <sup>4</sup>
Percentage of police stations rendering a victim friendly service to victims of rape, sexual offences and abuse <sup>5</sup>	Visible Policing		80.3% (900)	82.3% (925)	81.2% (919)	100%	100%	100%	100%

Table 25.1 Police

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14 <sup>2</sup>	2014/15 <sup>1</sup>	2015/16 <sup>1</sup>	2016/17 <sup>1</sup>
Percentage of crime-related hits reacted <sup>6</sup> to as a result of the movement control system screening of: - wanted persons  - circulated stolen or robbed vehicles	Visible Policing	Outcome 3: All people in South Africa are and feel safe	100% (15 972)	100% (32 805)	100% (3 435)	100%	100%	100%	100%
			100% (3 438)	100% (13 226)	100% (3 331)	100%	100%	100%	100%
Percentage of medium to high-risk incidents stabilised in relation to requests received <sup>7</sup>	Visible Policing		100% (1 960)	100% (1 909)	100% (3 160)	100%	100%	100%	100%
Detection rate for serious crimes per year <sup>8</sup>	Detective Services		51.84% (1 092 861)	53.41% (1 134 355)	54.19% (1 145 978)	56.5% (1 082 861)	59%	59%	59%
Percentage of trial ready case dockets for serious crimes per year <sup>9</sup>	Detective Services		30.84% (155 933)	48.17% (249 879)	61.31% (369 204)	51.84% (190 243)	54.84%	57.84%	60.84%
Conviction rate for serious crimes per year <sup>10</sup>	Detective Services		87.65% (309 295)	86.19% (307 580)	88.24% (352 513)	88.80% (313 144)	88.80%	88.80%	88.80%
Percentage of trial ready case dockets for serious commercial crime related charges per year <sup>11</sup>	Detective Services		25.6%	50%	56.5%	32%	44%	44%	44%
Percentage of original previous conviction reports for formally charged individuals generated per year	Detective Services		81.46% (994 020) generated within 30 day	93.88% (1 137 423) generated within 20 days	97% (164 990) generated within 20 days	90% (generated within 15 calendar days)	93%	94%	95%
Number of network operations conducted <sup>12</sup>	Crime Intelligence		24 384	49 019	37 188	29 552	32 507	34 132	35 838
Percentage of national key points evaluated in compliance with the National Key Points Act (1980)	Protection and Security Services		99.4% (164)	98% (171)	96.2% (175)	100% (197)	100% (197)	100% (197)	100% (197)

1. The number of serious crimes reported cannot be predicted, therefore medium term targets for all indicators relating to the reporting, detection and investigation of crime are only estimates based on previous past performance and new measures to combat crime to be implemented over the medium term.

2. The figures for 2013/14 are based on the published targets as described in the department's 2013/14 annual performance plan.

3. This indicator measures serious crime reported, excluding crime detected as a result of police action. Serious crimes include contact crimes, contact related crimes, property related crimes and other serious crimes.

4. This is a new indicator, which the department will be reporting on from 2014/15 onwards. The medium term targets take into account rural police stations where high levels of serious crimes have been reported.

5. *The rendering of victim friendly services is based on set criteria such as the availability of dedicated infrastructure for statement taking and specific training provided to frontline members to deal with victims. This indicator is calculated against the number of police stations in operation in the specific financial year.*
6. *Reaction to hits includes arrests and confiscations.*
7. *Stabilise means to reach a state where there are no longer any major challenges or problems to the extent that specialised policing intervention is no longer required and that it is unlikely that the situation will get worse, and can be managed through normal day-to-day policing.*
8. *The calculation for detection rate takes into account the total number of charges referred to court, plus charges withdrawn before court, plus charges closed as unfounded, divided by the total number of charges investigated.*
9. *A court ready docket is a fully investigated case docket (whether it includes one or more charges) which can be used by the National Prosecuting Authority for the prosecution of an offender. To determine the court ready rate, the total number of case dockets certified as 'investigation finalised' on the crime administration system are divided by the total number of outstanding charges.*
10. *The conviction rate relates to the provision of a fully investigated case docket that the senior public prosecutor used in a trial in court, and where the accused was found guilty and convicted. The conviction rate is determined by the number of charges resulting in a guilty verdict, divided by the sum of the guilty and not guilty verdicts.*
11. *This percentage is a composite calculation. Single absolute numbers can therefore not be provided.*
12. *Network operations refer to planned and purposeful processes of obtaining, assembling and organising information through exploitation of all types of sources on a target (organisation, group or individual) for further intelligence processing and/or use as evidence. Since specific targets are unknown, actual figures vary. Predictions are based on past average performance.*

## The national development plan

Over the medium term, the department will continue to implement strategies to ensure alignment with the national development plan's goals. These include professionalising the police service, enhancing the safety of women and children through the effective investigation and detection of serious crimes against women and children, and building community participation and partnerships around key issues such as policing, parole boards and community sentencing in terms of the visible policing strategy.

Professionalising the police service will include: enforcing the police code of conduct and code of ethics; establishing dedicated and disciplined management capacity; developing a recruitment to retirement strategy, which includes career pathing and the enhancement of police training; and developing a crime detection strategy that will incorporate skills development as a critical success factor. These elements will be complemented by the implementation of ministerial priorities which emphasise the need for transforming the police service, making police services accessible through infrastructure development, skills development, enhancing managerial and leadership abilities in the department, revamping the criminal justice system, implementing the rural safety strategy, and enhancing the effectiveness of the family, child and sexual offences unit through training.

The department will also continue to align its strategic and annual performance plans with the criminal justice system's seven-point plan, which is endorsed by the national development plan. Among the transformative changes advocated by the seven-point plan is a seamless and integrated South African criminal justice system. In this regard, the department will adopt an integrated approach, working with other departments in the justice, crime prevention and security cluster, on the implementation of the criminal justice sector revamp and modernisation programme.

Key components of the modernisation programme over the medium term include the enhancement and alignment of the department's IT infrastructure functionality to better support the criminal justice system and the implementation of provisions of the Criminal Law (Forensic Procedures) Amendment Bill. In support of the national development plan's recommendations relating to the fight against corruption, the anti-corruption task team, which is driven largely by the Directorate of Priority Crimes Investigation, employs an integrated, multi-disciplinary approach that is focused on securing convictions related to the investigation of serious corruption. The South African Police Service has adopted a zero tolerance approach to corrupt behaviour among its members and has consistently arrested, charged and secured convictions of its own members. As an integral part of the justice, crime prevention and security cluster, the South African Police Service will focus on ensuring the institutionalisation of appropriate corruption prevention and combating mechanisms, informed by the justice, crime prevention and security cluster anti-corruption framework. An anti-corruption working group has been established to coordinate the implementation of the framework.

## Expenditure estimates

Table 25.2 Police

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16			2016/17
R million													
Administration	11 789.5	11 990.4	12 782.2	14 524.9	14 524.9	7.2%	21.0%	15 304.0	16 147.7	17 132.5	5.7%	21.1%	
Visible Policing	27 956.1	29 941.5	32 315.2	35 015.1	35 015.1	7.8%	51.4%	37 008.8	39 091.6	41 796.0	6.1%	51.1%	
Detective Services	10 120.1	11 917.1	13 693.7	14 550.9	14 550.9	12.9%	20.7%	15 242.7	16 062.1	17 162.1	5.7%	21.0%	
Crime Intelligence	2 115.7	2 395.6	2 570.1	2 735.6	2 735.6	8.9%	4.0%	2 880.8	3 049.0	3 253.5	5.9%	4.0%	
Protection and Security Services	1 548.4	1 688.6	1 795.5	1 964.9	1 964.9	8.3%	2.9%	2 070.9	2 190.9	2 338.9	6.0%	2.9%	
<b>Total</b>	<b>53 529.7</b>	<b>57 933.1</b>	<b>63 156.6</b>	<b>68 791.4</b>	<b>68 791.4</b>	<b>8.7%</b>	<b>100.0%</b>	<b>72 507.2</b>	<b>76 541.3</b>	<b>81 682.9</b>	<b>5.9%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				874.3	874.3			592.7	687.5	1 245.2			
<b>Economic classification</b>													
<b>Current payments</b>	<b>49 711.0</b>	<b>54 394.4</b>	<b>59 234.4</b>	<b>65 084.8</b>	<b>65 084.8</b>	<b>9.4%</b>	<b>93.8%</b>	<b>68 924.4</b>	<b>72 900.6</b>	<b>77 357.0</b>	<b>5.9%</b>	<b>94.9%</b>	
Compensation of employees	38 399.5	42 407.5	46 796.3	51 231.6	51 231.6	10.1%	73.5%	54 210.0	57 532.0	61 176.8	6.1%	74.8%	
Goods and services	11 311.5	11 986.9	12 438.2	13 853.2	13 853.2	7.0%	20.4%	14 714.4	15 368.6	16 180.2	5.3%	20.1%	
of which:													
Computer services	2 130.7	2 257.4	2 296.9	2 985.5	2 985.5	11.9%	4.0%	2 939.7	3 003.9	3 167.1	2.0%	4.0%	
Contractors	819.3	1 010.5	907.8	1 041.5	1 041.5	8.3%	1.6%	1 158.3	1 212.1	1 276.4	7.0%	1.6%	
Inventory: Fuel, oil and gas	1 639.0	1 970.5	2 262.8	1 927.6	1 927.6	5.6%	3.2%	2 153.1	2 300.1	2 424.6	7.9%	2.9%	
Operating leases	1 704.2	1 837.2	2 057.9	2 254.0	2 254.0	9.8%	3.2%	2 395.5	2 505.9	2 638.7	5.4%	3.3%	
<b>Transfers and subsidies</b>	<b>523.1</b>	<b>537.4</b>	<b>605.7</b>	<b>639.6</b>	<b>639.6</b>	<b>6.9%</b>	<b>0.9%</b>	<b>737.1</b>	<b>768.0</b>	<b>805.9</b>	<b>8.0%</b>	<b>1.0%</b>	
Provinces and municipalities	25.7	29.8	31.2	28.0	28.0	2.8%	0.0%	33.4	34.3	36.1	8.9%	0.0%	
Departmental agencies and accounts	46.7	58.8	69.5	116.7	116.7	35.7%	0.1%	133.8	141.0	148.4	8.3%	0.2%	
Non-profit institutions	–	1.0	–	1.0	1.0	–	0.0%	1.0	–	–	-100.0%	0.0%	
Households	450.7	447.9	505.0	493.9	493.9	3.1%	0.8%	568.9	592.7	621.4	8.0%	0.8%	
<b>Payments for capital assets</b>	<b>3 292.8</b>	<b>2 994.7</b>	<b>3 310.8</b>	<b>3 067.1</b>	<b>3 067.1</b>	<b>-2.3%</b>	<b>5.2%</b>	<b>2 845.7</b>	<b>2 872.7</b>	<b>3 520.0</b>	<b>4.7%</b>	<b>4.1%</b>	
Buildings and other fixed structures	1 182.1	671.1	691.6	1 036.9	1 036.9	-4.3%	1.5%	1 099.9	1 149.5	1 210.5	5.3%	1.5%	
Machinery and equipment	2 109.7	2 322.0	2 618.8	2 029.9	2 029.9	-1.3%	3.7%	1 745.5	1 722.9	2 309.3	4.4%	2.6%	
Biological assets	0.9	1.6	0.3	0.3	0.3	-34.0%	0.0%	0.3	0.3	0.3	4.5%	0.0%	
<b>Payments for financial assets</b>	<b>2.9</b>	<b>6.6</b>	<b>5.7</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	
<b>Total</b>	<b>53 529.7</b>	<b>57 933.1</b>	<b>63 156.6</b>	<b>68 791.4</b>	<b>68 791.4</b>	<b>8.7%</b>	<b>100.0%</b>	<b>72 507.2</b>	<b>76 541.3</b>	<b>81 682.9</b>	<b>5.9%</b>	<b>100.0%</b>	

## Personnel information

Table 25.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Police	Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment										Number					
		Number of funded posts	Number of posts additional to the establishment	Actual		Revised estimate		Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
				2012/13		2013/14		2014/15		2015/16		2016/17				2013/14 - 2016/17			
				Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost						
	199 936	–	197 872	46 796.3	0.2	197 842	51 231.6	0.3	198 010	54 210.0	0.3	198 042	57 532.0	0.3	198 062	61 176.8	0.3	0.0%	100.0%
1 – 6	131 737	–	128 738	22 312.0	0.2	130 105	24 779.7	0.2	130 105	26 193.6	0.2	130 705	27 794.2	0.2	131 305	29 552.3	0.2	0.3%	65.9%
7 – 10	65 313	–	66 227	22 531.8	0.3	64 819	24 308.4	0.4	64 987	25 750.8	0.4	64 419	27 333.6	0.4	63 839	29 068.4	0.5	-0.5%	32.6%
11 – 12	2 099	–	2 136	1 352.7	0.6	2 162	1 495.2	0.7	2 162	1 580.5	0.7	2 162	1 677.1	0.8	2 162	1 783.2	0.8	–	1.1%
13 – 16	785	–	769	596.2	0.8	754	644.4	0.9	754	681.2	0.9	754	722.8	1.0	754	768.5	1.0	–	0.4%
Other	2	–	2	3.7	1.8	2	3.8	1.9	2	4.0	2.0	2	4.2	2.1	2	4.4	2.2	–	0.0%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on building and upgrading physical resources and capital infrastructure, professionalising the police service through skills development, and enhancing the department's ICT systems as part of the criminal justice sector revamp and modernisation programme. These activities

support the justice, crime prevention and security cluster's objective of enhancing the criminal justice system to create safer communities and ensure that people in South Africa are and feel safe (outcome 3).

Using funds allocated to the *Visible Policing* and *Detective Services* programmes, which also constitute the bulk of the department's operational budget over the medium term, the department plans to reduce the number of serious crimes by 103 106 in 2016/17, increase the percentage of trial ready case dockets by 9 per cent in 2016/17, and ensure that, starting in 2013/14, all police stations provide victim friendly services to victims of rape, sexual offences and abuse.

Due to the labour intensive nature of policing, spending on compensation of employees is expected to use the largest share of the budget over the medium term. The increase in spending on compensation of employees over the medium term provides for the department's existing personnel and for improved conditions of service, including the upgrading of clerical posts in line with the Department of Public Service and Administration's directive on benchmarking job descriptions and grading levels for clerks. The upgrading of the posts is provided for by additional Cabinet approved allocations of R350 million in 2014/15, R255.3 million in 2015/16 and R785.5 million in 2016/17, as well as a reprioritisation of funds of R348.1 million in 2014/15 and R470.2 million in 2015/16 from transport equipment to compensation of employees. In addition, the increase in spending on this item over the medium term includes Cabinet approved additional allocations of R242.7 million in 2014/15, R432.2 million in 2015/16 and R459.5 million in 2016/17 for improved conditions of service.

This additional funding will increase the number of filled posts from 197 842 in 2013/14 to 198 062 in 2016/17 to provide for the appointment of additional detectives in the *Detective Services* programme in order to improve detective and police capability. The department also intends to use funds from vacancies to implement grade progression for qualifying officials employed in terms of the South African Police Service Act (1995). At the end of November 2013, there were 2 837 vacant posts in the department as a result of natural attrition. Consistent with the department's human resource strategy, only critical posts earmarked for the department's core function will be filled over the medium term.

#### Infrastructure spending

Spending on infrastructure decreased between 2010/11 and 2013/14, due to delays in the implementation of a number of projects. This resulted in some projects being rescheduled over the MTEF period to allow for appropriate planning, and explains the projected increase in expenditure on infrastructure over the medium term. Allocations earmarked for infrastructure are mainly for the construction and upgrading of police stations. In 2012/13, 72.7 per cent, or 16 out of 22, of the department's facility projects planned for the year were completed. This included the completion of four new police facilities and structures such as the Port Elizabeth 10111 call centre, Amalia police station in North West, Weenen police station in KwaZulu-Natal, and the repair and upgrading of Clocolan police station in Free State. One of the main reasons for the department's failure to achieve the target for 2012/13 was the non-performance of contractors.

Over the medium term, the department will prioritise the construction of a shooting range at Faure in Western Cape at an estimated contract price of R181.1 million. The shooting range will allow for police officials to undergo firearm training and shooting practice on a regular basis to comply with legislative requirements. The tender documentation provides for the construction of an administration building, a tactical building, a guard house, a caretaker's house, an R5 rifle range, nine pistol ranges, three shot gun ranges and one tactical range with road works and storm water drainage, landscaping and irrigation and site services. The project is scheduled for completion in 2017.

## Departmental receipts

Table 25.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16			2016/17
R thousand													
<b>Departmental receipts</b>	<b>287 737</b>	<b>288 760</b>	<b>342 023</b>	<b>320 895</b>	<b>320 895</b>	<b>3.7%</b>	<b>100.0%</b>	<b>280 388</b>	<b>296 965</b>	<b>301 728</b>	<b>-2.0%</b>	<b>100.0%</b>	
<b>Sales of goods and services produced by department</b>	<b>123 816</b>	<b>128 165</b>	<b>139 491</b>	<b>139 798</b>	<b>139 798</b>	<b>4.1%</b>	<b>42.9%</b>	<b>124 935</b>	<b>131 600</b>	<b>135 177</b>	<b>-1.1%</b>	<b>44.3%</b>	
Administration fees	16 321	14 652	20 518	20 815	20 815	8.4%	5.8%	14 155	14 850	15 607	-9.2%	5.5%	
of which:													
Firearm licences	16 321	14 652	20 518	20 815	20 815	8.4%	5.8%	14 155	14 850	15 607	-9.2%	5.5%	
Other sales	107 495	113 513	118 973	118 983	118 983	3.4%	37.0%	110 780	116 750	119 570	0.2%	38.8%	
of which:													
House rentals	35 344	33 136	32 651	31 736	31 736	-3.5%	10.7%	29 109	30 500	31 467	-0.3%	10.2%	
Commission on insurance	37 630	43 277	48 905	52 037	52 037	11.4%	14.7%	44 687	47 000	49 638	-1.6%	16.1%	
Other	34 521	37 100	37 417	35 210	35 210	0.7%	11.6%	36 984	39 250	38 465	3.0%	12.5%	
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>9 814</b>	<b>7 521</b>	<b>10 844</b>	<b>11 069</b>	<b>11 069</b>	<b>4.1%</b>	<b>3.2%</b>	<b>9 258</b>	<b>9 900</b>	<b>10 050</b>	<b>-3.2%</b>	<b>3.4%</b>	
of which:													
Sales of scrap, waste and other used goods	9 814	7 521	10 844	11 069	11 069	4.1%	3.2%	9 258	9 900	10 050	-3.2%	3.4%	
<b>Fines, penalties and forfeits</b>	<b>12 276</b>	<b>25 657</b>	<b>22 710</b>	<b>15 850</b>	<b>15 850</b>	<b>8.9%</b>	<b>6.2%</b>	<b>13 960</b>	<b>14 150</b>	<b>14 250</b>	<b>-3.5%</b>	<b>4.9%</b>	
<b>Interest, dividends and rent on land</b>	<b>1 116</b>	<b>771</b>	<b>780</b>	<b>738</b>	<b>738</b>	<b>-12.9%</b>	<b>0.3%</b>	<b>758</b>	<b>765</b>	<b>775</b>	<b>1.6%</b>	<b>0.3%</b>	
Interest	1 116	771	780	738	738	-12.9%	0.3%	758	765	775	1.6%	0.3%	
<b>Sales of capital assets</b>	<b>1 141</b>	<b>5 089</b>	<b>2 751</b>	<b>1 848</b>	<b>1 848</b>	<b>17.4%</b>	<b>0.9%</b>	<b>1 263</b>	<b>2 300</b>	<b>2 400</b>	<b>9.1%</b>	<b>0.7%</b>	
<b>Transactions in financial assets and liabilities</b>	<b>139 574</b>	<b>121 557</b>	<b>165 447</b>	<b>151 592</b>	<b>151 592</b>	<b>2.8%</b>	<b>46.6%</b>	<b>130 214</b>	<b>138 250</b>	<b>139 076</b>	<b>-2.8%</b>	<b>46.6%</b>	
<b>Total</b>	<b>287 737</b>	<b>288 760</b>	<b>342 023</b>	<b>320 895</b>	<b>320 895</b>	<b>3.7%</b>	<b>100.0%</b>	<b>280 388</b>	<b>296 965</b>	<b>301 728</b>	<b>-2.0%</b>	<b>100.0%</b>	

## Programme 1: Administration

### Expenditure estimates

Table 25.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
Ministry	18.9	23.3	22.5	27.7	13.4%	0.2%	28.9	30.3	32.4	5.4%	0.2%	
Management	53.3	53.8	59.2	56.6	2.0%	0.4%	58.2	61.2	64.9	4.7%	0.4%	
Corporate Services	11 694.4	11 881.4	12 660.6	14 355.9	7.1%	99.0%	15 117.2	15 951.1	16 924.6	5.6%	98.8%	
Civilian Secretariat	22.8	31.9	39.9	84.8	54.9%	0.4%	99.8	105.1	110.6	9.3%	0.6%	
<b>Total</b>	<b>11 789.5</b>	<b>11 990.4</b>	<b>12 782.2</b>	<b>14 524.9</b>	<b>7.2%</b>	<b>100.0%</b>	<b>15 304.0</b>	<b>16 147.7</b>	<b>17 132.5</b>	<b>5.7%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				206.7			190.8	224.7	270.3			
<b>Economic classification</b>												
<b>Current payments</b>	<b>10 014.7</b>	<b>10 785.4</b>	<b>11 426.1</b>	<b>12 837.5</b>	<b>8.6%</b>	<b>88.2%</b>	<b>13 479.7</b>	<b>14 248.7</b>	<b>15 107.1</b>	<b>5.6%</b>	<b>88.2%</b>	
Compensation of employees	6 204.4	7 014.9	7 811.7	8 664.2	11.8%	58.1%	9 169.6	9 731.5	10 347.5	6.1%	60.1%	
Goods and services	3 810.4	3 770.6	3 614.5	4 173.3	3.1%	30.1%	4 310.2	4 517.2	4 759.6	4.5%	28.1%	
of which:												
Computer services	2 096.5	2 022.9	1 973.3	2 222.0	2.0%	16.3%	2 359.4	2 437.6	2 576.5	5.1%	15.2%	
Contractors	127.7	114.0	134.7	109.3	-5.0%	1.0%	114.8	120.3	126.7	5.0%	0.7%	
Inventory: Fuel, oil and gas	126.2	158.0	167.5	167.6	9.9%	1.2%	175.4	214.9	229.3	11.0%	1.2%	
Operating leases	24.6	26.7	25.5	27.9	4.4%	0.2%	29.3	30.8	32.5	5.1%	0.2%	
<b>Transfers and subsidies</b>	<b>317.9</b>	<b>297.4</b>	<b>377.5</b>	<b>384.5</b>	<b>6.5%</b>	<b>2.7%</b>	<b>468.4</b>	<b>487.8</b>	<b>510.7</b>	<b>9.9%</b>	<b>2.9%</b>	
Provinces and municipalities	3.4	4.7	6.2	4.1	6.3%	-	5.4	5.0	5.3	8.6%	-	
Departmental agencies and accounts	46.7	58.8	69.5	116.7	35.7%	0.6%	133.8	141.0	148.4	8.3%	0.9%	
Households	267.8	234.0	301.8	263.7	-0.5%	2.1%	329.2	341.8	357.1	10.6%	2.0%	
<b>Payments for capital assets</b>	<b>1 453.9</b>	<b>900.9</b>	<b>972.9</b>	<b>1 302.9</b>	<b>-3.6%</b>	<b>9.1%</b>	<b>1 355.9</b>	<b>1 411.2</b>	<b>1 514.7</b>	<b>5.1%</b>	<b>8.8%</b>	
Buildings and other fixed structures	1 174.7	670.0	690.8	1 036.9	-4.1%	7.0%	1 099.9	1 149.5	1 210.5	5.3%	7.1%	
Machinery and equipment	278.3	229.5	281.9	265.8	-1.5%	2.1%	255.8	261.4	303.9	4.6%	1.7%	
Biological assets	0.9	1.4	0.2	0.3	-34.0%	-	0.3	0.3	0.3	4.5%	-	
<b>Payments for financial assets</b>	<b>2.9</b>	<b>6.6</b>	<b>5.7</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>11 789.5</b>	<b>11 990.4</b>	<b>12 782.2</b>	<b>14 524.9</b>	<b>7.2%</b>	<b>100.0%</b>	<b>15 304.0</b>	<b>16 147.7</b>	<b>17 132.5</b>	<b>5.7%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>22.0%</b>	<b>20.7%</b>	<b>20.2%</b>	<b>21.1%</b>			<b>21.1%</b>	<b>21.1%</b>	<b>21.0%</b>			

Table 25.5 Administration

Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
Details of selected transfers and subsidies											
Provinces and municipalities											
Municipalities											
Municipal bank accounts											
Current	3.4	4.7	6.2	4.1	6.3%	-	5.4	5.0	5.3	8.6%	-
Vehicle licences	3.4	4.7	6.2	4.1	6.3%	-	5.4	5.0	5.3	8.6%	-
Households											
Social benefits											
Current	145.3	100.3	106.4	117.7	-6.8%	0.9%	144.1	150.7	158.7	10.5%	0.9%
Employee social benefits	145.3	100.3	106.4	117.7	-6.8%	0.9%	144.1	150.7	158.7	10.5%	0.9%
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	46.7	58.8	69.5	116.7	35.7%	0.6%	133.8	141.0	148.4	8.3%	0.9%
Safety and Security Sector Education and Training Authority	23.9	26.8	29.6	31.9	10.2%	0.2%	34.0	35.9	37.8	5.8%	0.2%
Civilian Secretariat for Police	22.8	31.9	39.9	84.8	54.9%	0.4%	99.8	105.1	110.6	9.3%	0.6%
Households											
Other transfers to households											
Current	122.5	133.7	195.4	146.0	6.0%	1.2%	185.1	191.1	198.4	10.8%	1.1%
Claims against the state	122.5	133.7	195.4	146.0	6.0%	1.2%	185.1	191.1	198.4	10.8%	1.1%

## Personnel information

Table 25.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
		Number	Cost		Number	Cost		Number	Cost		Number	Cost				Number	Cost		
Administration																			
Salary level	37 705	-	36 629	7 811.7	0.2	37 044	8 664.2	0.2	37 044	9 169.6	0.2	37 044	9 731.5	0.3	37 044	10 347.5	0.3	-	100.0%
1 - 6	24 140	-	22 892	3 000.7	0.1	23 471	3 404.9	0.1	23 471	3 598.7	0.2	23 471	3 819.1	0.2	23 471	4 060.6	0.2	-	63.4%
7 - 10	12 528	-	12 685	4 140.6	0.3	12 527	4 517.4	0.4	12 527	4 786.8	0.4	12 527	5 080.3	0.4	12 527	5 402.2	0.4	-	33.8%
11 - 12	754	-	783	461.6	0.6	773	506.2	0.7	773	535.0	0.7	773	567.8	0.7	773	603.7	0.8	-	2.1%
13 - 16	281	-	267	205.1	0.8	271	231.9	0.9	271	245.0	0.9	271	260.1	1.0	271	276.5	1.0	-	0.7%
Other	2	-	2	3.7	1.8	2	3.8	1.9	2	4.0	2.0	2	4.2	2.1	2	4.4	2.2	-	0.0%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on upgrading and building new police facilities to improve the accessibility of police services. Spending on buildings and other fixed structures is expected to increase over the medium term due to plans to build ramps to make police stations more accessible to people with disabilities, and projects for building new police stations that have been rescheduled for the medium term due to delays in implementation. The delay also explains the decrease in spending on buildings and other fixed structures between 2010/11 and 2013/14.

The programme will also work towards sustaining corporate support functions such as human resources, supply chain management and computer services to support the execution of line function operational activities of the department. The bulk of the programme budget over the medium term has been allocated to the *Corporate Services* subprogramme and for spending on compensation of employees. In the same period, the programme receives an additional allocation for improved conditions of service and the upgrading of clerical posts. The growth in expenditure on compensation of employees is also due to the projected increase in the programme's staff complement, from 36 629 in 2012/13 to 37 044 over the medium term. The additional capacity will mainly provide for additional cleaning staff and security officers. As at 30 November 2013, there were 1 473 vacant posts in this programme, mainly as a result of natural attrition.

Between 2010/11 and 2013/14, the increased spending in the *Corporate Services* subprogramme was due to the department's renewed focus on developing human capital and skills, replacing boarded vehicles, creating new

employee health and wellness centres, and purchasing uniforms, weapons and ammunition. This also explains the growth in spending on goods and services, specifically on training and development and inventory over this period. The increase in spending on computer services across the seven-year period is due to the ongoing implementation of two of the department's key strategic projects: the upgrading of the department's IT network and the modernisation of the criminal justice system.

The significant increase in spending in the *Civilian Secretariat* subprogramme in 2013/14 was due to the shifting of some functions that were previously executed by the South African Police Service and the Independent Police Investigative Directorate to the Civilian Secretariat for Police following the enactment of the Civilian Secretariat for Police Service Act (2011). The secretariat has been designated as a separate department with effect from 1 April 2014.

## Programme 2: Visible Policing

### Objectives

- Provide a proactive and responsive policing service to discourage and prevent priority crimes by:
  - reducing the number of serious crimes from 1 833 775 in 2012/13 to 1 650 150 in 2016/17 through the implementation of sector policing at all stations, conducting crime prevention operations in identified hotspots and enhancing training for detectives and forensic specialists
  - implementing the rural safety strategy at 50 police stations over the medium term through establishing mobile contact points and rural safety priority committees, and using reservists to enhance capacity for rural safety policing
  - increasing the percentage of police stations providing victim friendly services to victims of rape, sexual offences and abuse from 81.2 per cent in 2012/13 to 100 per cent in 2016/17
  - reacting to 100 per cent crime related hits as a result of movement control system screenings on wanted persons and circulated stolen and robbed vehicles over the medium term.

### Subprogrammes

- *Crime Prevention* provides for basic crime prevention and visible policing services provided at police stations, including community service centres. In 2012/13, 806 298 priority crime arrests were made during 34 428 crime prevention operations, an increase of 29 158 compared to 2011/12. In the first half of 2013/14, 401 244 priority crime arrests were made during 18 261 crime prevention operations, 30 132 stolen or robbed vehicles were recovered in relation to 67 020 vehicles reported as stolen or robbed, and 12 982 stolen and lost firearms were recovered in relation to 12 373 reported stolen and lost. This was against the 2013/14 annual targets of 84.3 per cent firearms recovered and 46 per cent vehicles recovered. In 2012/13, the subprogramme had a staff complement of 92 141, which is projected to decrease to 91 806 by the end of 2013/14.
- *Border Security* provides for the policing of South African borders. In 2012/13, the department made 18 882 arrests at ports of entry and exit for illegal firearms and ammunition, stolen vehicles, illicit drugs, illegal goods, maritime related offences and violations in terms of the Immigration Act (2002). The South African Police Service reacted to all crime related hits as a result of the movement control system screening of 3 435 wanted persons and 3 331 stolen or robbed vehicles in circulation. In the first half of 2013/14, 7 109 arrests were made at ports of entry and exit and the South African Police Service reacted to all crime related hits as a result of movement control system screening of 1 536 wanted persons and 1 801 stolen or robbed vehicles in circulation. In 2012/13, this subprogramme had a staff complement of 6 188, and this number is projected to decrease to 6 002 by the end of 2013/14.
- *Specialised Interventions* provides for interventions in medium to high risk operations, including the air wing, the special task force, crime combating units and the protection of valuable and/or dangerous cargo. In 2012/13, the national intervention units made 445 arrests during 3 160 interventions, the special task force made 162 arrests during 203 operations, 12 399 crowd related incidents were recorded comprising 10 517 peaceful incidents and 1 882 unrest related incidents, with 3 680 arrests made arising from these incidents. In the first half of 2013/14, 6 009 peaceful incidents and 971 unrest related incidents were policed

by the South African Police Service. In 2012/13, this subprogramme had a staff complement of 8 198, which is projected to increase to 8 289 by the end of 2013/14.

- *Facilities* provides for office accommodation budgets and related expenditure devolved to the department by the Department of Public Works. This includes payments for operating leases, municipal services and accommodation charges. In 2012/13, the subprogramme had a budget of R2.8 billion, which was used for the payment of operating leases in line with the department's lease contracts, municipal services and accommodation charges to the Department of Public Works.

## Expenditure estimates

**Table 25.7 Visible Policing**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
Crime Prevention	22 600.0	23 929.1	25 556.0	27 769.7	7.1%	79.7%	29 348.4	31 025.1	33 239.2	6.2%	79.4%
Border Security	1 482.5	1 434.6	1 467.3	1 575.5	2.0%	4.8%	1 659.8	1 756.4	1 875.6	6.0%	4.5%
Specialised Interventions	1 717.3	2 086.6	2 503.8	2 639.4	15.4%	7.1%	2 788.4	2 950.0	3 143.1	6.0%	7.5%
Facilities	2 156.2	2 491.2	2 788.1	3 030.5	12.0%	8.4%	3 212.3	3 360.0	3 538.1	5.3%	8.6%
<b>Total</b>	<b>27 956.1</b>	<b>29 941.5</b>	<b>32 315.2</b>	<b>35 015.1</b>	<b>7.8%</b>	<b>100.0%</b>	<b>37 008.8</b>	<b>39 091.6</b>	<b>41 796.0</b>	<b>6.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				444.9			278.9	316.0	665.0		

### Economic classification

<b>Current payments</b>	<b>26 910.1</b>	<b>28 863.3</b>	<b>31 355.2</b>	<b>33 720.6</b>	<b>7.8%</b>	<b>96.5%</b>	<b>35 883.8</b>	<b>37 984.1</b>	<b>40 311.5</b>	<b>6.1%</b>	<b>96.7%</b>
Compensation of employees	21 226.9	22 913.4	25 182.8	27 322.8	8.8%	77.2%	28 881.5	30 646.6	32 585.1	6.0%	78.1%
Goods and services	5 683.2	5 949.8	6 172.5	6 397.8	4.0%	19.3%	7 002.4	7 337.5	7 726.4	6.5%	18.6%
<i>of which:</i>											
<i>Computer services</i>	4.8	8.7	0.8	12.1	35.7%	-	13.7	14.3	15.1	7.6%	-
<i>Contractors</i>	542.2	663.9	533.5	690.2	8.4%	1.9%	768.7	805.0	847.7	7.1%	2.0%
<i>Inventory: Fuel, oil and gas</i>	939.3	1 111.0	1 264.1	947.0	0.3%	3.4%	1 085.8	1 152.2	1 213.3	8.6%	2.9%
<i>Operating leases</i>	1 650.6	1 781.7	2 001.6	2 186.1	9.8%	6.1%	2 322.9	2 429.8	2 558.6	5.4%	6.2%
<b>Transfers and subsidies</b>	<b>146.6</b>	<b>167.8</b>	<b>156.1</b>	<b>183.9</b>	<b>7.8%</b>	<b>0.5%</b>	<b>193.1</b>	<b>201.0</b>	<b>211.6</b>	<b>4.8%</b>	<b>0.5%</b>
Provinces and municipalities	16.3	18.5	17.0	16.8	1.1%	0.1%	18.9	19.8	20.8	7.2%	-
Non-profit institutions	-	1.0	-	1.0	-	-	1.0	-	-	-100.0%	-
Households	130.3	148.3	139.1	166.0	8.4%	0.5%	173.2	181.2	190.9	4.8%	0.5%
<b>Payments for capital assets</b>	<b>899.4</b>	<b>910.4</b>	<b>803.8</b>	<b>1 110.6</b>	<b>7.3%</b>	<b>3.0%</b>	<b>931.8</b>	<b>906.5</b>	<b>1 272.9</b>	<b>4.7%</b>	<b>2.8%</b>
Buildings and other fixed structures	4.4	0.6	0.8	-	-100.0%	-	-	-	-	-	-
Machinery and equipment	894.9	909.6	802.9	1 110.6	7.5%	3.0%	931.8	906.5	1 272.9	4.7%	2.8%
Biological assets	-	0.2	0.1	-	-	-	-	-	-	-	-
<b>Total</b>	<b>27 956.1</b>	<b>29 941.5</b>	<b>32 315.2</b>	<b>35 015.1</b>	<b>7.8%</b>	<b>100.0%</b>	<b>37 008.8</b>	<b>39 091.6</b>	<b>41 796.0</b>	<b>6.1%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>52.2%</b>	<b>51.7%</b>	<b>51.2%</b>	<b>50.9%</b>			<b>51.0%</b>	<b>51.1%</b>	<b>51.2%</b>		

### Details of selected transfers and subsidies

<b>Provinces and municipalities</b>											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	<b>16.3</b>	<b>18.5</b>	<b>17.0</b>	<b>16.8</b>	<b>1.1%</b>	<b>0.1%</b>	<b>18.9</b>	<b>19.8</b>	<b>20.8</b>	<b>7.2%</b>	<b>-</b>
Vehicle licences	16.3	18.5	17.0	16.8	1.1%	0.1%	18.9	19.8	20.8	7.2%	-
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>94.6</b>	<b>112.5</b>	<b>97.0</b>	<b>117.8</b>	<b>7.6%</b>	<b>0.3%</b>	<b>124.8</b>	<b>130.5</b>	<b>137.5</b>	<b>5.3%</b>	<b>0.3%</b>
Employee social benefits	94.6	112.5	97.0	117.8	7.6%	0.3%	124.8	130.5	137.5	5.3%	0.3%
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	<b>35.7</b>	<b>35.8</b>	<b>42.2</b>	<b>48.2</b>	<b>10.5%</b>	<b>0.1%</b>	<b>48.4</b>	<b>50.7</b>	<b>53.4</b>	<b>3.5%</b>	<b>0.1%</b>
Claims against the state	0.7	0.5	8.8	-	-100.0%	-	-	-	-	-	-
Detainee medical expenses	35.0	35.3	33.4	48.2	11.3%	0.1%	48.4	50.7	53.4	3.5%	0.1%
<b>Non-profit institutions</b>											
<b>Current</b>	<b>-</b>	<b>1.0</b>	<b>-</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
Education trust	-	1.0	-	1.0	-	-	1.0	-	-	-100.0%	-

## Personnel information

**Table 25.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment											Number						
		Actual			Revised estimate			Medium-term expenditure estimate					Average growth rate (%)	Salary level/total: Average (%)					
Number of funded posts	Number of posts additional to the establishment	2012/13			2013/14			2014/15			2015/16			2016/17			2013/14 - 2016/17		
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Visible Policing																			
Salary level	107 686	-	106 527	25 182.8	0.2	106 097	27 322.8	0.3	106 097	28 881.5	0.3	106 097	30 646.6	0.3	106 097	32 585.1	0.3	-	100.0%
1 – 6	76 447	-	74 483	13 714.5	0.2	75 045	15 166.9	0.2	75 045	16 032.1	0.2	75 645	17 011.9	0.2	76 245	18 087.9	0.2	0.5%	71.2%
7 – 10	30 269	-	31 065	10 780.2	0.3	30 083	11 413.9	0.4	30 083	12 065.1	0.4	29 483	12 802.5	0.4	28 883	13 612.2	0.5	-1.3%	27.9%
11 – 12	624	-	632	416.9	0.7	638	460.4	0.7	638	486.7	0.8	638	516.4	0.8	638	549.1	0.9	-	0.6%
13 – 16	346	-	347	271.2	0.8	331	281.6	0.9	331	297.7	0.9	331	315.9	1.0	331	335.8	1.0	-	0.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing basic policing services to reduce the number of serious crimes and improving services to victims of crime, particularly with regard to rural safety and crimes affecting vulnerable groups. Due to the labour intensive nature of basic policing services, the bulk of this programme's budget over the medium term is thus allocated to spending in the *Crime Prevention* subprogramme and on compensation of employees.

The department aims to use resources to increase the percentage of police stations providing victim friendly services to victims of rape, sexual offences and abuse from 81.2 per cent in 2013/14 to 100 per cent in 2016/17 and reduce the number of serious crimes from 1 753 256 in 2013/14 to 1 650 150 in 2016/17. This will contribute to the overarching outcome of the justice, crime prevention and security cluster, which is to ensure that people in South Africa are and feel safe (outcome 3).

Expenditure on compensation of employees increases significantly over the seven-year period, due to the allocation of additional funding for improved conditions of service and the upgrading of clerical positions, particularly in 2013/14 and over the medium term. The number of filled positions in this programme decreased from 106 527 in 2012/13 to 106 097 in 2013/14 and will be maintained at this level over the medium term. This is in line with the department's strategy to use unspent funds from vacant posts to fund the implementation of grade progression for qualifying officials employed in terms of the South African Police Service Act (1995). There were 1 980 vacant positions at the end of November 2013, mainly due to natural attrition.

The increases in operating lease payments and property payments in the *Facilities* subprogramme across the seven-year period are due to annual escalations in leasehold prices and accommodation charges paid to the Department of Public Works. The increase in expenditure for contractors over the same period is due to the growing need to repair transport equipment as the department has a large fleet. Spending on contractors also provides for the use of reservists to enhance capacity for rural safety policing.

## Programme 3: Detective Services

### Objectives

- Contribute to the successful prosecution of crime by:
  - increasing the detection rate for serious crimes from 54.2 per cent in 2012/13 to 59 per cent in 2016/17 through the provision of specialised training to detectives and enhancing dedicated specialised capabilities in different detective services units
  - increasing the trial ready case dockets rate for serious crimes from 51.8 per cent in 2013/14 to 60.8 per cent in 2016/17 through ensuring that dockets are fully investigated and ready for prosecution
  - increasing the conviction rate for serious crimes from 88.2 per cent in 2012/13 to 88.8 per cent in 2016/17 through the adoption of integrated planning approaches and criminal justice system related modernisation projects

- increasing the trial ready case dockets for serious commercial crime related charges from 32 per cent in 2013/14 to 44 per cent in 2016/17 through implementation of the cyber-crime policy framework and enhancement of cyber-crime capability in the police
- generating 95 per cent of original previous conviction reports for formally charged individuals within 15 calendar days by 2016/17, from a baseline of 97 per cent reports generated within 20 days in 2012/13.

## Subprogrammes

- *Crime Investigations* is discussed in more detail below.
- *Criminal Record Centre* provides for an effective and credible criminal record centre in respect of crime scene management or processing, and provides criminal records and related information. In 2012/13, 1 201 643 fingerprint reports on previous criminal convictions were generated, of which 97 per cent were generated within 20 days. 872 505 commercial and non-criminal enquiries were received to determine whether persons applying for firearm licences, professional drivers' permits and employment had any previous convictions. In the first half of 2013/14, 92 per cent of offenders' previous conviction reports for crime related fingerprints were generated within 15 days, against a 2013/14 year-end target of 90 per cent within 15 days. In 2012/13, this subprogramme had a staff complement of 5 679, which is projected to increase to 5 784 by the end of 2013/14.
- *Forensic Science Laboratory* funds forensic science laboratories, which provide specialised evidence related technical analysis and support to investigators. In 2012/13, 381 299 entries were analysed, 57.6 per cent of which were analysed within 28 working days. The year-end target of 92 per cent was not achieved due to the partial eradication of the forensic science laboratory backlog that had a direct impact on the performance of the subprogramme. The higher the eradication in backlog cases, the less the turnaround time as measured against the 28 working days. In the first half of 2013/14, forensic analysts received 104 456 entries, of which 67 per cent were analysed within 28 working days against a 2013/14 year-end target of 93 per cent. In 2012/13, this subprogramme had a staff complement of 1 491, which is projected to increase to 1 645 by the end of 2013/14.
- *Specialised Investigations* provides for the prevention, combating and investigation of national priority offences, including the investigation of organised crime syndicates, serious and violent crime, commercial crime and corruption. In 2012/13, the serious organised crime unit arrested 1 256 persons and secured 523 convictions; and the serious commercial crime unit received 10 941 cases, made 5 358 arrests and convicted 3 965 persons on 35 833 counts in 3 763 cases. In the first half of 2013/14, a 79.3 per cent detection rate for serious commercial crime related charges was achieved, against a 2013/14 year-end target of 52 per cent. In 2012/13, this subprogramme had a staff complement of 2 830, which is projected to decrease to 2 786 by the end of 2013/14.

## Expenditure estimates

Table 25.9 Detective Services

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14					2013/14 - 2016/17	
Crime Investigations	6 939.3	7 942.0	8 978.5	9 608.7	11.5%	66.6%	10 273.7	10 861.7	11 628.5	6.6%	67.2%
Criminal Record Centre	1 157.8	1 330.2	1 582.4	1 882.1	17.6%	11.8%	1 958.0	2 065.8	2 212.5	5.5%	12.9%
Forensic Science Laboratory	1 033.3	1 567.8	1 922.4	1 753.9	19.3%	12.5%	1 637.7	1 682.7	1 775.6	0.4%	10.9%
Specialised Investigations	989.8	1 077.1	1 210.3	1 306.1	9.7%	9.1%	1 373.3	1 451.8	1 545.5	5.8%	9.0%
<b>Total</b>	<b>10 120.1</b>	<b>11 917.1</b>	<b>13 693.7</b>	<b>14 550.9</b>	<b>12.9%</b>	<b>100.0%</b>	<b>15 242.7</b>	<b>16 062.1</b>	<b>17 162.1</b>	<b>5.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				202.4			121.7	138.7	273.4		
<b>Economic classification</b>											
<b>Current payments</b>	<b>9 182.1</b>	<b>10 771.0</b>	<b>12 179.0</b>	<b>13 922.8</b>	<b>14.9%</b>	<b>91.6%</b>	<b>14 693.1</b>	<b>15 510.1</b>	<b>16 459.1</b>	<b>5.7%</b>	<b>96.1%</b>
Compensation of employees	7 733.6	8 894.3	9 934.0	11 045.8	12.6%	74.8%	11 719.6	12 444.3	13 236.7	6.2%	76.9%
Goods and services	1 448.6	1 876.7	2 245.0	2 877.0	25.7%	16.8%	2 973.5	3 065.8	3 222.4	3.9%	19.3%
of which:											
Computer services	28.3	224.9	321.7	749.3	197.9%	2.6%	564.4	549.6	573.0	-8.6%	3.9%
Contractors	122.0	191.6	202.4	208.3	19.5%	1.4%	239.2	249.6	262.8	8.0%	1.5%
Inventory: Fuel, oil and gas	493.1	610.7	724.6	711.4	13.0%	5.1%	784.2	820.2	863.3	6.7%	5.0%
Operating leases	17.6	20.1	21.9	28.3	17.3%	0.2%	30.9	32.3	34.1	6.3%	0.2%

Table 25.9 Detective Services

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Transfers and subsidies</b>	<b>43.7</b>	<b>53.1</b>	<b>54.5</b>	<b>58.2</b>	<b>10.0%</b>	<b>0.4%</b>	<b>61.3</b>	<b>64.1</b>	<b>67.5</b>	<b>5.0%</b>	<b>0.4%</b>	
Provinces and municipalities	4.7	5.3	6.6	5.7	6.5%	–	7.6	7.9	8.3	13.6%	–	
Households	39.0	47.9	47.9	52.5	10.5%	0.4%	53.7	56.2	59.1	4.0%	0.4%	
<b>Payments for capital assets</b>	<b>894.2</b>	<b>1 092.9</b>	<b>1 460.1</b>	<b>569.9</b>	<b>-13.9%</b>	<b>8.0%</b>	<b>488.4</b>	<b>487.9</b>	<b>635.5</b>	<b>3.7%</b>	<b>3.5%</b>	
Buildings and other fixed structures	2.9	0.4	0.1	–	-100.0%	–	–	–	–	–	–	
Machinery and equipment	891.3	1 092.6	1 460.1	569.9	-13.8%	8.0%	488.4	487.9	635.5	3.7%	3.5%	
<b>Total</b>	<b>10 120.1</b>	<b>11 917.1</b>	<b>13 693.7</b>	<b>14 550.9</b>	<b>12.9%</b>	<b>100.0%</b>	<b>15 242.7</b>	<b>16 062.1</b>	<b>17 162.1</b>	<b>5.7%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>18.9%</b>	<b>20.6%</b>	<b>21.7%</b>	<b>21.2%</b>			<b>21.0%</b>	<b>21.0%</b>	<b>21.0%</b>			

## Details of selected transfers and subsidies

Details of selected transfers and subsidies											
Provinces and municipalities											
Municipalities											
Municipal bank accounts											
Current	4.7	5.3	6.6	5.7	6.5%	–	7.6	7.9	8.3	13.6%	–
Vehicle licences	4.7	5.3	6.6	5.7	6.5%	–	7.6	7.9	8.3	13.6%	–
Households											
Social benefits											
Current	38.9	47.8	47.8	52.5	10.5%	0.4%	53.7	56.2	59.1	4.0%	0.4%
Employee social benefits	38.9	47.8	47.8	52.5	10.5%	0.4%	53.7	56.2	59.1	4.0%	0.4%

## Personnel information

Table 25.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Salary level	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		2013/14 - 2016/17
			Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost	
Detective Services	39 477	–	39 425	9 934.0	0.3	39 654	11 045.8	0.3	39 822	11 719.6	0.3	39 854	12 444.3	0.3	39 874	13 236.7	0.3	0.2%	100.0%
1 – 6	21 545	–	21 636	3 796.4	0.2	21 905	4 221.3	0.2	21 905	4 462.1	0.2	21 905	4 734.8	0.2	21 905	5 034.3	0.2	–	55.0%
7 – 10	17 396	–	17 251	5 766.4	0.3	17 185	6 411.7	0.4	17 353	6 821.2	0.4	17 385	7 246.5	0.4	17 405	7 710.1	0.4	0.4%	43.5%
11 – 12	431	–	434	290.1	0.7	460	322.6	0.7	460	341.0	0.7	460	361.8	0.8	460	384.7	0.8	–	1.2%
13 – 16	105	–	104	81.2	0.8	104	90.3	0.9	104	95.4	0.9	104	101.3	1.0	104	107.7	1.0	–	0.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on contributing to the successful prosecution of criminal offences by maintaining and providing accurate criminal records and related information, and funding the forensic laboratories which provide specialised technical analysis and support during criminal investigations. The department increased the percentage of original previous conviction reports for formally charged individuals generated per year from 81.5 per cent in 2010/11 to 90 per cent in 2013/14, and expects to maintain it at above 90 per cent over the medium term, using funds allocated in the *Criminal Record Centre* and *Specialised Investigations* subprogrammes. In addition, the department expects to increase the percentage of trial ready case dockets for serious commercial crime related charges from 32 per cent in 2013/14 to 44 per cent in 2016/17.

The significant increase in spending in the *Forensic Science Laboratory* subprogramme between 2010/11 and 2013/14 was due to the allocation of additional funding for the criminal justice sector revamp programme and the acquisition of specialised technical analysis equipment and related resources, including semi-automated equipment. This was to attain better results on degraded and problematic DNA samples. This also explains the significant growth in expenditure on machinery, equipment and computer services in 2011/12 and 2012/13. The alignment of the department's IT system with the criminal justice system and the implementation of the 2013 Criminal Law (Forensic Procedures) Amendment Bill will be key features of the criminal justice sector revamp

and modernisation programme over the medium term. Consequently, expenditure on computer services will largely account for the expenditure growth in the programme over the same period.

Spending on compensation of employees increases over the seven-year period in order to enhance capacity for the detective services function and to provide for the allocation of additional funding for improved conditions of service and the upgrading of clerical posts. The number of personnel in this programme is expected to increase from 39 654 in 2013/14 to 39 874 in 2016/17 to provide for additional detective capacity. As at 30 November 2013, there were no vacancies in this programme.

## Subprogramme: Crime Investigations

This subprogramme provides for detectives at police stations who investigate general and serious crimes, including crimes against women and children. Between 2010/11 and 2012/13, the detection rate for contact crimes increased from 57 per cent in 2010/11 to 61.5 per cent in 2012/13, while the detection rate for trio crimes increased from 16 per cent in 2010/11 to 23 per cent in 2012/13. In the first half of 2013/14, detection rates of 61.1 per cent for contact crimes and 21.8 per cent for trio crimes were achieved against targets of 61.5 per cent and 29 per cent.

## Expenditure estimates

Table 25.11 Crime Investigations

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million	6 731.8	7 720.4	8 567.8	9 309.4	11.4%	96.6%	10 025.0	10 621.6	11 283.9	6.6%	97.3%
<b>Current payments</b>	<b>6 731.8</b>	<b>7 720.4</b>	<b>8 567.8</b>	<b>9 309.4</b>	<b>11.4%</b>	<b>96.6%</b>	<b>10 025.0</b>	<b>10 621.6</b>	<b>11 283.9</b>	<b>6.6%</b>	<b>97.3%</b>
Compensation of employees	5 834.6	6 679.6	7 391.7	8 139.3	11.7%	83.8%	8 647.3	9 184.2	9 770.4	6.3%	84.3%
Goods and services	897.2	1 040.8	1 176.1	1 170.1	9.3%	12.8%	1 377.7	1 437.3	1 513.5	9.0%	13.0%
<i>of which:</i>											
Computer services	0.1	0.2	0.0	0.1	5.8%	–	0.1	0.2	0.2	7.2%	–
Contractors	91.1	132.9	124.7	135.0	14.0%	1.4%	160.2	167.0	175.9	9.2%	1.5%
Inventory: Fuel, oil and gas	400.2	491.4	589.2	499.1	7.6%	5.9%	559.0	584.7	615.7	7.2%	5.3%
Operating leases	11.5	13.2	13.5	12.6	2.9%	0.2%	14.1	14.7	15.5	7.2%	0.1%
<b>Transfers and subsidies</b>	<b>36.0</b>	<b>42.8</b>	<b>45.9</b>	<b>51.0</b>	<b>12.3%</b>	<b>0.5%</b>	<b>52.5</b>	<b>54.7</b>	<b>57.4</b>	<b>4.0%</b>	<b>0.5%</b>
Provinces and municipalities	3.6	3.8	5.0	4.6	9.2%	0.1%	5.8	6.1	6.4	11.4%	0.1%
Households	32.5	39.1	40.8	46.4	12.6%	0.5%	46.7	48.6	51.0	3.2%	0.5%
<b>Payments for capital assets</b>	<b>171.4</b>	<b>178.8</b>	<b>364.8</b>	<b>248.3</b>	<b>13.2%</b>	<b>2.9%</b>	<b>196.1</b>	<b>185.5</b>	<b>287.2</b>	<b>5.0%</b>	<b>2.2%</b>
Buildings and other fixed structures	0.0	0.2	–	–	-100.0%	–	–	–	–	–	–
Machinery and equipment	171.4	178.6	364.8	248.3	13.2%	2.9%	196.1	185.5	287.2	5.0%	2.2%
<b>Total</b>	<b>6 939.3</b>	<b>7 942.0</b>	<b>8 978.5</b>	<b>9 608.7</b>	<b>11.5%</b>	<b>100.0%</b>	<b>10 273.7</b>	<b>10 861.7</b>	<b>11 628.5</b>	<b>6.6%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>68.6%</b>	<b>66.6%</b>	<b>65.6%</b>	<b>66.0%</b>			<b>67.4%</b>	<b>67.6%</b>	<b>67.8%</b>		

## Personnel information

Table 25.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment										Number			
		Actual			Revised estimate			Medium-term expenditure estimate				Average growth rate (%)	Salary level/total: Average (%)		
		2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17								
Crime Investigations		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	29 053	–	29 425 7 391.68	0.25	29 439 8 139.31	0.28	29 607 8 647.29	0.29	29 639 9 184.24	0.31	29 659 9 770.44	0.33	0.2%	100.0%	
1 – 6	16 536	–	16 476 3 069.58	0.19	17 068 3 380.06	0.20	17 068 3 572.88	0.21	17 068 3 791.24	0.22	17 068 4 031.05	0.24	–	57.7%	
7 – 10	12 274	–	12 641 4 157.33	0.33	12 127 4 577.82	0.38	12 295 4 882.63	0.40	12 327 5 189.50	0.42	12 347 5 523.02	0.45	0.6%	41.5%	
11 – 12	199	–	267 131.20	0.49	200 142.27	0.71	200 150.39	0.75	200 159.58	0.80	200 169.67	0.85	–	0.7%	
13 – 16	44	–	41 33.57	0.82	44 39.16	0.89	44 41.40	0.94	44 43.93	1.00	44 46.70	1.06	–	0.1%	

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on investigating reported crime, tracing wanted persons and re-establishing the family violence, child protection and sexual offences units. Specific attention will also be

given to expanding and refocusing the stock theft units, as well as investigating crime and victim support programmes. These initiatives support the department's performance targets of increasing the detection rate for serious crimes and the percentage of trial ready case dockets for serious crimes.

The significant increase in spending on compensation of employees between 2010/11 and 2013/14 is mainly due to the appointment of additional detectives to strengthen the subprogramme's detection capacity, while the anticipated increase in expenditure on travel and subsistence over the medium term provides for increased travel required by investigators and detectives for collating evidence. The detection rate for serious crimes is expected to increase from 56.5 per cent in 2013/14 to 59 per cent in 2016/17, while the percentage of trial ready case dockets for serious crimes is projected to increase from 51.8 per cent in 2013/14 to 60.8 per cent in 2016/17.

The number of filled posts is expected to increase from 29 439 in 2013/14 to 29 659 in 2016/17 to provide for the appointment of more detectives. Thus the anticipated increase in expenditure on compensation of employees over the medium term is to provide for additional detective capacity and the allocation of additional funding for improved conditions of service. The subprogramme had a funded establishment of 29 053 posts and no vacancies at the end of November 2013.

## Programme 4: Crime Intelligence

### Objectives

- Contribute to combating crime by increasing the number of crime network operations from 37 188 conducted in 2012/13 to 38 007 in 2016/17 in support of crime prevention, investigation and prosecution.

### Subprogrammes

- Crime Intelligence Operations* provides for intelligence based criminal investigations. In 2012/13, 37 188 operations were conducted compared to 49 019 in 2011/12, resulting in 10 607 arrests and the recovery of goods valued at R633.8 million. In the first half of 2013/14, 18 254 crime intelligence operations were conducted against a 2013/14 year-end target of 29 552 operations. In 2012/13, this subprogramme had a staff complement of 3 316, which is expected to increase to 3 436 by the end of 2013/14.
- Intelligence and Information Management* provides for the analysis of crime intelligence patterns that will facilitate crime detection in support of crime prevention and crime investigation. In 2012/13, 311 807 operational analyses and strategic analysis reports were produced. In the first half of 2013/14, 107 012 operational analyses and strategic analysis reports were produced against a 2013/14 year-end target of 258 606. In 2012/13, this subprogramme had a staff complement of 5 612, which is expected to decrease to 5 245 by the end of 2013/14.

### Expenditure estimates

Table 25.13 Crime Intelligence

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate		Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17		
R million												
Crime Intelligence Operations	819.9	944.3	1 016.2	1 157.6	12.2%	40.1%	1 214.6	1 287.2	1 373.0	5.9%	42.2%	
Intelligence and Information Management	1 295.8	1 451.3	1 553.9	1 578.0	6.8%	59.9%	1 666.2	1 761.8	1 880.5	6.0%	57.8%	
<b>Total</b>	<b>2 115.7</b>	<b>2 395.6</b>	<b>2 570.1</b>	<b>2 735.6</b>	<b>8.9%</b>	<b>100.0%</b>	<b>2 880.8</b>	<b>3 049.0</b>	<b>3 253.5</b>	<b>5.9%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				20.3			9.5	14.7	31.3			
<b>Economic classification</b>												
<b>Current payments</b>	<b>2 073.5</b>	<b>2 352.7</b>	<b>2 524.3</b>	<b>2 681.2</b>	<b>8.9%</b>	<b>98.1%</b>	<b>2 833.3</b>	<b>3 002.4</b>	<b>3 189.4</b>	<b>6.0%</b>	<b>98.2%</b>	
Compensation of employees	1 848.2	2 119.3	2 287.3	2 432.9	9.6%	88.5%	2 571.7	2 728.8	2 901.4	6.0%	89.2%	
Goods and services	225.2	233.3	237.0	248.3	3.3%	9.6%	261.7	273.6	288.0	5.1%	9.0%	
of which:												
Computer services	1.0	0.9	1.1	1.8	23.3%	-	1.9	2.0	2.1	5.3%	0.1%	
Contractors	14.8	23.4	19.9	15.5	1.6%	0.8%	16.4	17.1	18.1	5.2%	0.6%	
Inventory: Fuel, oil and gas	59.6	67.3	78.8	79.0	9.9%	2.9%	82.8	86.6	91.2	4.9%	2.8%	
Operating leases	9.4	7.6	6.0	9.6	0.8%	0.3%	10.1	10.6	11.2	5.3%	0.3%	
<b>Transfers and subsidies</b>	<b>12.6</b>	<b>16.4</b>	<b>15.0</b>	<b>8.6</b>	<b>-11.8%</b>	<b>0.5%</b>	<b>9.8</b>	<b>10.4</b>	<b>11.1</b>	<b>8.6%</b>	<b>0.3%</b>	
Provinces and municipalities	0.7	0.8	0.8	0.8	2.9%	-	0.9	0.9	0.9	7.6%	-	
Households	11.9	15.6	14.3	7.9	-12.8%	0.5%	9.0	9.5	10.1	8.7%	0.3%	

Table 25.13 Crime Intelligence

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
Payments for capital assets	29.6	26.6	30.8	45.8	15.6%	1.4%	37.6	36.2	53.0	5.0%	1.4%	
Machinery and equipment	29.6	26.6	30.8	45.8	15.6%	1.4%	37.6	36.2	53.0	5.0%	1.4%	
<b>Total</b>	<b>2 115.7</b>	<b>2 395.6</b>	<b>2 570.1</b>	<b>2 735.6</b>	<b>8.9%</b>	<b>100.0%</b>	<b>2 880.8</b>	<b>3 049.0</b>	<b>3 253.5</b>	<b>5.9%</b>	<b>100.0%</b>	
Proportion of total programme expenditure to vote expenditure	4.0%	4.1%	4.1%	4.0%			4.0%	4.0%	4.0%			

## Details of selected transfers and subsidies

Households											
Social benefits											
Current											
Employee social benefits	11.9	15.6	14.3	7.9	-12.7%	0.5%	9.0	9.5	10.1	8.7%	0.3%

## Personnel information

Table 25.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Salary level	Number of posts estimated for 31 March 2014	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number			
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)		
				2012/13	Unit Cost	2013/14	Unit Cost	2014/15	Unit Cost	2015/16	Unit Cost	2016/17	Unit Cost	2013/14 - 2016/17					
Crime Intelligence				Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				
8 866	–	8 928	2 287.3	0.3	8 681	2 432.9	0.3	8 681	2 571.7	0.3	8 681	2 728.8	0.3	8 681	2 901.4	0.3	–	100.0%	
1 – 6	4 945	–	4 955	828.5	0.2	4 887	901.1	0.2	4 887	952.5	0.2	4 887	1 010.8	0.2	4 887	1 074.7	0.2	–	56.3%
7 – 10	3 648	–	3 704	1 284.8	0.3	3 529	1 344.1	0.4	3 529	1 420.8	0.4	3 529	1 507.6	0.4	3 529	1 603.0	0.5	–	40.7%
11 – 12	244	–	241	152.2	0.6	240	166.5	0.7	240	176.0	0.7	240	186.7	0.8	240	198.5	0.8	–	2.8%
13 – 16	29	–	28	21.7	0.8	25	21.1	0.8	25	22.4	0.9	25	23.7	0.9	25	25.2	1.0	–	0.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on maintaining overall personnel capacity and aligning functions within the organisational structure of the crime intelligence division, which is currently under review.

Due to the labour intensive nature of crime intelligence functions, the bulk of this programme's budget over the seven-year period is spent on compensation of employees, mainly in the *Intelligence and Information Management* subprogramme. The increase in expenditure on compensation of employees between 2010/11 and 2013/14 was thus mainly due to growing personnel numbers in the crime intelligence division. The expected increase in expenditure on this item over the medium term is to provide for improved conditions of service. The number of filled posts decreased from 8 928 in 2012/13 to 8 681 in 2013/14 and is projected to remain at this level over the medium term. This is in line with the department's strategy to use unspent funds from vacant posts to implement grade progression for qualifying officials employed in terms of the South African Police Service Act (1995). There were 161 vacant posts as at the end of November 2013. The vacancies were due to natural attrition.

Using funds allocated to the *Crime Intelligence Operations* subprogramme over the medium term, the department expects to increase the number of network operations conducted from 29 552 in 2013/14 to 35 838 in 2016/17 to support the objectives of preventing, investigating and prosecuting crime. This projected increase also explains the increase in travel and subsistence expenditure over the medium term.

## Programme 5: Protection and Security Services

## Objectives

- Minimise security violations through:
  - ongoing protection of all identified dignitaries as well as local and foreign dignitaries while in transit without any security breaches

- ongoing protection of the locations in which dignitaries, including when persons related to the president and the deputy president are present, without any security breaches
- auditing 50 per cent (124) out of a total of 248 strategic installations and evaluating 100 per cent (197) national key points by 2016/17.

## Subprogrammes

- *VIP Protection Services* provides for the protection of the president, deputy president, former presidents, their spouses, and other identified dignitaries while in transit. In 2012/13, protection was provided to 450 South African and foreign dignitaries without security breaches. In the first half of 2013/14, protection was provided to 241 South African and foreign dignitaries without security breaches, which is in line with the 2013/14 year-end target of 100 per cent protection provided without security breaches. In 2012/13, this subprogramme had a staff complement of 1 998, which is projected to increase to 2 020 by the end of 2013/14.
- *Static and Mobile Security* provides for the protection of other local and foreign dignitaries and the places in which all dignitaries, including persons related to the president and the deputy president, are present. In 2012/13, 137 residences and installations were protected, with 6 security breaches occurring. In the first half of 2013/14, 141 residences and installations were protected, with 3 security breaches occurring, against a 2013/14 year-end target of 100 per cent protection provided with no security breaches. In 2012/13, this subprogramme had a staff complement of 3 376, which is projected to increase to 3 393 by the end of 2013/14.
- *Government Security Regulator* provides for security regulations and evaluations, and the administration of national key points and strategic installations. In 2012/13, 96.2 per cent (175) of national key points were evaluated in compliance with the National Key Points Act (1980). In the first half of 2013/14, 97 national key points and 78 strategic installations were evaluated, against 2013/14 year-end targets of 197 and 124. In 2012/13, this subprogramme had a staff complement of 273, which is projected to decrease to 258 by the end of 2013/14.
- *Operational Support* provides administrative support for the programme, including personnel development. In 2012/13, this subprogramme had a staff complement of 716, which is projected to decrease to 695 by the end of 2013/14.

## Expenditure estimates

**Table 25.15 Protection and Security Services**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
VIP Protection Services	530.6	663.4	748.2	775.7	13.5%	38.8%	816.4	863.4	922.9	6.0%	39.4%
Static and Mobile Security	733.2	760.6	784.9	894.5	6.9%	45.3%	943.1	998.7	1 065.9	6.0%	45.6%
Government Security Regulator	63.4	82.1	89.5	91.5	13.0%	4.7%	96.8	102.4	108.8	5.9%	4.7%
Operational Support	221.3	182.6	172.9	203.1	-2.8%	11.1%	214.5	226.4	241.4	5.9%	10.3%
<b>Total</b>	<b>1 548.4</b>	<b>1 688.6</b>	<b>1 795.5</b>	<b>1 964.9</b>	<b>8.3%</b>	<b>100.0%</b>	<b>2 070.9</b>	<b>2 190.9</b>	<b>2 338.9</b>	<b>6.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			(8.1)	(6.6)	5.2		
<b>Economic Classification</b>											
<b>Current payments</b>	<b>1 530.6</b>	<b>1 622.1</b>	<b>1 749.8</b>	<b>1 922.7</b>	<b>7.9%</b>	<b>97.5%</b>	<b>2 034.5</b>	<b>2 155.4</b>	<b>2 289.9</b>	<b>6.0%</b>	<b>98.1%</b>
Compensation of employees	1 386.4	1 465.6	1 580.6	1 765.9	8.4%	88.6%	1 867.8	1 980.8	2 106.0	6.0%	90.1%
Goods and services	144.1	156.5	169.2	156.8	2.9%	9.0%	166.7	174.6	183.9	5.4%	8.0%
of which:											
Computer services	0.0	0.0	0.0	0.3	548.7%	-	0.3	0.3	0.3	5.2%	-
Contractors	12.7	17.6	17.2	18.1	12.4%	0.9%	19.2	20.1	21.2	5.5%	0.9%
Inventory: Fuel, oil and gas	20.8	23.6	27.8	22.6	2.8%	1.4%	24.9	26.2	27.5	6.8%	1.2%
Operating leases	2.1	1.1	2.9	2.1	0.2%	0.1%	2.2	2.3	2.4	5.3%	0.1%
<b>Transfers and subsidies</b>	<b>2.2</b>	<b>2.6</b>	<b>2.5</b>	<b>4.3</b>	<b>24.3%</b>	<b>0.2%</b>	<b>4.5</b>	<b>4.7</b>	<b>5.0</b>	<b>5.0%</b>	<b>0.2%</b>
Provinces and municipalities	0.6	0.5	0.6	0.6	-1.7%	-	0.7	0.7	0.7	10.4%	-
Households	1.7	2.1	1.9	3.8	31.2%	0.1%	3.8	4.0	4.2	4.1%	0.2%

Table 25.15 Protection and Security Services

R million	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Payments for capital assets	15.6	63.9	43.2	37.9	34.3%	2.3%	31.9	30.9	44.1	5.2%	1.7%
Buildings and other fixed structures	0.1	0.2	–	–	-100.0%	–	–	–	–	–	–
Machinery and equipment	15.5	63.7	43.2	37.9	34.7%	2.3%	31.9	30.9	44.1	5.2%	1.7%
<b>Total</b>	<b>1 548.4</b>	<b>1 688.6</b>	<b>1 795.5</b>	<b>1 964.9</b>	<b>8.3%</b>	<b>100.0%</b>	<b>2 070.9</b>	<b>2 190.9</b>	<b>2 338.9</b>	<b>6.0%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	2.9%	2.9%	2.8%	2.9%			2.9%	2.9%	2.9%		
Details of selected transfers and subsidies											
Households											
Social benefits											
Current	1.7	2.1	1.9	3.8	31.2%	0.1%	3.8	4.0	4.2	4.1%	0.2%
Employee social benefits	1.7	2.1	1.9	3.8	31.2%	0.1%	3.8	4.0	4.2	4.1%	0.2%

## Personnel information

Table 25.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Protection and Security Services	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		2013/14 - 2016/17
			Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost	
Salary level	6 202	–	6 363	1 580.6	0.2	6 366	1 765.9	0.3	6 366	1 867.8	0.3	6 366	1 980.8	0.3	6 366	2 106.0	0.3	–	100.0%
1 – 6	4 660	–	4 772	971.9	0.2	4 797	1 085.6	0.2	4 797	1 148.2	0.2	4 797	1 217.7	0.3	4 797	1 294.7	0.3	–	75.4%
7 – 10	1 472	–	1 522	559.8	0.4	1 495	621.2	0.4	1 495	657.0	0.4	1 495	696.7	0.5	1 495	740.8	0.5	–	23.5%
11 – 12	46	–	46	31.8	0.7	51	39.6	0.8	51	41.9	0.8	51	44.4	0.9	51	47.2	0.9	–	0.8%
13 – 16	24	–	23	17.0	0.7	23	19.6	0.9	23	20.7	0.9	23	21.9	1.0	23	23.3	1.0	–	0.4%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on maintaining sufficient capacity to provide protection and security services to identified individuals and buildings.

Due to the labour intensive nature of security and protection services, the bulk of spending in this programme goes towards compensation of employees, mainly in the *Static and Mobile Security* and *VIP Protection Services* subprogrammes. The allocations over the medium term will allow the department to increase the capacity of the presidential protection services. To this end, the number of filled posts in this programme will increase to 6 366 over the medium term.

The significant increase in expenditure in the *Government Security Regulator* subprogramme between 2010/11 and 2013/14 is due to the appointment of 58 additional staff to evaluate national key points and strategic installations in compliance with the National Key Points Act (1980). This also explains the anticipated increases in spending on travel and subsistence over the medium term. Using funds allocated in this subprogramme over the medium term, the department will maintain the percentage of national key points evaluated in compliance with the National Key Points Act (1980) at 100 per cent.

Expenditure on machinery and equipment grew significantly between 2010/11 and 2013/14, mainly as a result of the upgrading of the department's vehicle fleet. This is also the reason for the expected increase in spending on machinery and equipment over the medium term.

## Other departments within the vote

### Civilian Secretariat for Police

Table 25.17 Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	28.3	27.7	0.0	0.7	30.4	31.9
Intersectoral Coordination and Strategic Partnerships	20.4	20.4	–	–	21.7	22.8
Legislation and Policy Development	26.3	26.3	–	–	26.5	27.9
Civilian Oversight, Monitoring and Evaluation	24.7	24.4	–	0.3	26.6	28.0
<b>Total expenditure estimates</b>	<b>99.8</b>	<b>98.8</b>	<b>0.0</b>	<b>0.9</b>	<b>105.1</b>	<b>110.6</b>

Executive authority

Minister of Police

Accounting officer

Secretary for Police

Website address

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

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Provide strategic advice and administrative support to the Minister of Police. Exercise civilian oversight over the South African Police Service to ensure a transformed and accountable police service that reflects the values of a developmental State.*

### Mandate

The Civilian Secretariat for Police was established in terms of the Civilian Secretariat for Police Service Act (2011) and section 208 of the Constitution, which provides for the establishment of a civilian secretariat for the police service to function under the direction of the Minister of Police. In terms of the Civilian Secretariat for Police Service Act (2011), the mandate of the secretariat is to conduct civilian oversight over the police service and provide policy, administrative and strategic support to the minister. In terms of the act, the secretariat is also responsible for monitoring the implementation of the Domestic Violence Act (1998). This was previously the responsibility of the former Independent Complaints Directorate.

### Strategic goals

The secretariat's strategic focus over the medium term relates to ensuring that all people in South Africa are and feel safe (outcome 3). This involves a specific focus on the mobilisation of all role players and stakeholders to enhance the service provided by the South African Police Service, thus ensuring the safety and security of communities.

The secretariat's strategic goals over the medium term are to:

- ensure improved accountability of the South African Police Service
- ensure the ongoing transformation of the South African Police Service
- ensure deepened public participation in the fight against crime through community engagement forums, anti-crime campaigns and the formation of strategic collaborative partnerships with intergovernmental institutions, civil society and the private sector
- provide sound, timeous and evidence based strategic research, policy advice and legislative support to the Minister of Police.

## Selected performance indicators

**Table 25.18 Civilian Secretariat for Police**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11 <sup>1</sup>	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of oversight visits to police stations conducted per year	Civilian Oversight, Monitoring and Evaluation	Outcome 3: All people in South Africa are and feel safe	–	155	429 <sup>2</sup>	200 <sup>2</sup>	450	500	500
Number of audit reports related to the Domestic Violence Act (1998) finalised per year	Civilian Oversight, Monitoring and Evaluation		–	3	3	2 <sup>3</sup>	2 <sup>3</sup>	2 <sup>3</sup>	2 <sup>3</sup>
Number of policies on policing developed per year	Legislation and Policy Development		–	5	0	5	2 <sup>4</sup>	2 <sup>4</sup>	2 <sup>4</sup>
Number of bills on policing developed per year	Legislation and Policy Development		–	1	2	1	2	2	2
Total number of provinces implementing community policing forum guidelines	Intersectoral Coordination and Strategic Partnerships		– <sup>5</sup>	– <sup>5</sup>	8	– <sup>5</sup>	9	9	9

1. Reporting on the above indicators started in 2011/12 following the enactment of the Civilian Secretariat for Police Service Act (2011). The dashes in the table indicate that no past performance data is available.

2. The significant increase in performance in 2012/13 is due to the inclusion of oversight visits by the provinces.

3. Audit reports on the Domestic Violence Act (1998) have been aligned with the number of reports that must be submitted to Parliament, which are two reports per year.

4. Between 2010/11 and 2013/14, the targets for this indicator catered for both drafting and approval of policies. Starting in 2014/15, the indicator will only cater for the drafting of policies, hence the downward revision of targets. No policies were drafted in 2012/13.

5. Before 2012/13, provinces used to determine their own community policing forum guidelines, hence there are no targets for 2010/11 and 2011/12. Due to inconsistencies observed with the indicator in 2013/14, the indicator was not included as part of the secretariat's 2013/14 annual performance plan.

## The national development plan

The national development plan recommends that the building of a safer society would be strengthened to a large degree by increasing community participation in community safety. The plan also promotes an integrated approach between state and non-state institutions with active citizen involvement. In support of these recommendations, between 2010/11 and 2013/14, the secretariat's *Intersectoral and Strategic Partnerships* programme interacted with communities through its community outreach meetings, anti-crime campaigns and the establishment of 44 community safety forums in the country intended to increase communities' awareness of crime and enhance participation in community safety. Partnerships aimed at developing shared perspectives on challenges, solutions and approaches to crime prevention were formed with the Police and Prisons Civil Rights Union and the South African Police Union.

Over the medium term, the secretariat will continue to engage in these public participatory programmes to establish and sustain working relationships formed with communities and labour unions on crime prevention, thus contributing to the building of a safer society as the national development plan espouses. The secretariat will also ensure that all provinces implement community policing forum guidelines, and through the newly established community policing forum training committee, develop training guidelines on community policing forums to ensure uniformity in the nationwide implementation of the guidelines.

## Objectives

- Manage and encourage national dialogue on community safety and crime prevention on an ongoing basis by:
  - establishing and promoting collaborative partnerships on crime prevention among civil society, intergovernmental and private institutions
  - coordinating and aligning crime prevention initiatives conducted by civil society, intergovernmental and private institutions.
- Provide policy, research and legislative support to the Minister of Police by:
  - developing 6 evidence based policies and conducting 12 research based projects on crime and policing over the medium term
  - developing an effective and constitutionally compliant legislative framework to facilitate effective policing by 2016/17.

- Provide oversight of the South African Police Service through ongoing monitoring and evaluation of the performance of the police service over the medium term by:
  - conducting an average of 483 police station visits
  - assessing the South African Police Service’s compliance with applicable legislation and monitoring police conduct to improve police accountability
  - assessing programme implementation and effectiveness based on the findings of oversight visits and in line with the Minister of Police’s priorities
  - enhancing information management in the secretariat to ensure accurate and reliable data collection and storage.

## Programmes

- *Administration* provides for administrative support, strategic leadership and management of the department. In 2012/13, the bulk of the programme’s allocation went towards compensation of employees, due to the appointment of additional personnel in the programme in support of increased oversight responsibilities of the secretariat following the enactment of the Civilian Secretariat for Police Service Act (2011). Over the medium term, the programme’s budget allocation will mainly be used to procure ICT, administration and operating systems to allow the secretariat to fully comply with the budgeting, reporting and accounting requirements of the Public Finance Management Act (1999). This programme had a staff complement of 55 in 2013/14.
- *Intersectoral Coordination and Strategic Partnerships* manages and encourages national dialogue on community safety and crime prevention. In 2012/13, 44 community safety forums were set up and crime prevention partnerships were established with key labour unions in the policing environment and the community. These partnerships were aimed at developing shared perspectives on the challenges, solutions and approaches to crime prevention. To ensure a coordinated approach to the fight against crime, over the medium term, the secretariat will continue to conduct public participatory meetings to promote its safety programmes, ensure that community forum guidelines are implemented in all provinces, and strengthen strategic and collaborative partnerships between intergovernmental institutions, civil society and the private sector. This programme had a staff complement of 23 in 2013/14.
- *Legislation and Policy Development* develops policy and legislation for the police sector and conducts research on policing and crime. In 2012/13, a DNA database was established, and this will serve as a criminal investigative tool for the South African Police Service in the fight against crime. The following bills and regulations were also developed: the draft Dangerous Weapons Bill (2012), the 2013 Criminal Law (Forensic Procedures) Amendment Bill, the 2012 South African Police Service Amendment Bill, the 2012 Private Security Industry Regulation Amendment Bill, the 2006 Firearms Control Amendment Bill and draft regulations for the Civilian Secretariat for Police. Over the medium term, the programme’s budget allocation will be used to facilitate the review of the South African Police Service Act (1995) as well as the development and finalisation of various policies on policing and crime. This programme had a staff complement of 17 in 2013/14.
- *Civilian Oversight, Monitoring and Evaluation* oversees, monitors and reports on the performance of the South African Police Service. In 2012/13, 429 police station oversight visits and 4 monitoring and evaluation forum meetings were conducted. Over the medium term, the programme will facilitate: the development of trend analysis reports on police station performance, the implementation of and compliance with legislation and policies, the implementation of the Independent Police Investigative Directorate’s recommendations, and an assessment of the South African Police Service complaints management systems. This programme had a staff complement of 24 in 2013/14.

## Expenditure estimates

**Table 25.19 Civilian Secretariat**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate		Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17		
R million													
Administration	11.2	11.8	11.6	34.7	34.7	45.8%	38.6%		28.3	30.4	31.9	-2.7%	31.3%
Intersectoral Coordination and Strategic Partnerships	1.0	6.0	8.9	16.5	16.5	150.5%	18.1%		20.4	21.7	22.8	11.4%	20.3%
Legislation and Policy Development	5.0	5.0	6.6	14.9	14.9	43.3%	17.5%		26.3	26.5	27.9	23.3%	23.9%
Civilian Oversight, Monitoring and Evaluation	5.5	9.2	12.9	18.7	18.7	50.2%	25.8%		24.7	26.6	28.0	14.3%	24.5%
<b>Total</b>	<b>22.8</b>	<b>31.9</b>	<b>39.9</b>	<b>84.8</b>	<b>84.8</b>	<b>54.9%</b>	<b>100.0%</b>		<b>99.8</b>	<b>105.1</b>	<b>110.6</b>	<b>9.3%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-	-				17.0	16.5	17.3		

### Economic classification

	2010/11	2011/12	2012/13	2013/14	2013/14	2010/11 - 2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
<b>Current payments</b>	<b>22.6</b>	<b>31.8</b>	<b>39.3</b>	<b>84.1</b>	<b>84.1</b>	<b>54.9%</b>	<b>99.1%</b>	<b>98.8</b>	<b>104.3</b>	<b>109.8</b>	<b>9.3%</b>	<b>99.2%</b>
Compensation of employees	15.9	20.2	28.3	58.3	58.3	54.4%	68.4%	71.5	74.5	78.3	10.3%	70.6%
Goods and services	6.8	11.5	11.0	25.8	25.8	56.2%	30.7%	27.3	29.8	31.5	6.8%	28.6%
of which:												
Catering: Departmental activities	0.7	1.3	2.4	2.5	2.5	52.8%	3.9%	3.9	3.9	5.8	32.1%	4.1%
Communication	0.6	0.9	0.7	1.7	1.7	41.3%	2.2%	1.8	1.8	1.6	-2.1%	1.7%
Computer services	0.0	-	-	4.4	4.4	1541.4%	2.5%	2.1	3.4	3.2	-10.0%	3.3%
Travel and subsistence	3.1	6.3	5.1	14.1	14.1	66.5%	15.9%	11.9	12.7	16.8	6.0%	13.9%
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>35.7%</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6.3%</b>	<b>0.0%</b>
Provinces and municipalities	0.0	0.0	0.0	0.0	0.0	35.7%	0.0%	0.0	0.0	0.0	6.3%	0.0%
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>	<b>53.7%</b>	<b>0.9%</b>	<b>0.9</b>	<b>0.7</b>	<b>0.8</b>	<b>6.8%</b>	<b>0.8%</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	0.1	-	-	0.0%
Machinery and equipment	0.2	0.2	0.6	0.7	0.7	53.7%	0.9%	0.9	0.6	0.7	3.7%	0.7%
Software and other intangible assets	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1%	0.0%
<b>Total</b>	<b>22.8</b>	<b>31.9</b>	<b>39.9</b>	<b>84.8</b>	<b>84.8</b>	<b>54.9%</b>	<b>100.0%</b>	<b>99.8</b>	<b>105.1</b>	<b>110.6</b>	<b>9.3%</b>	<b>100.0%</b>

## Personnel information

**Table 25.20 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Civilian Secretariat	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2012/13	Unit Cost	2013/14	2013/14	Unit Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17		
Salary level	114	29	101	28.3	0.3	119	58.3	0.5	143	76.0	0.5	143	74.5	0.5	143	78.3	0.5	6.3%	100.0%
1 - 6	24	4	24	3.4	0.1	24	4.0	0.2	33	5.3	0.2	33	4.7	0.1	33	5.4	0.2	11.2%	22.4%
7 - 10	37	11	37	8.9	0.2	41	15.3	0.4	48	18.5	0.4	48	18.2	0.4	48	18.4	0.4	5.4%	33.8%
11 - 12	24	7	17	4.8	0.3	25	13.4	0.5	31	19.9	0.6	31	18.7	0.6	31	20.2	0.7	7.4%	21.5%
13 - 16	29	7	23	11.1	0.5	29	25.5	0.9	31	32.4	1.0	31	33.0	1.1	31	34.3	1.1	2.2%	22.3%

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

<sup>2</sup> Rand million.

## Expenditure trends

The enactment of the Civilian Secretariat for Police Service Act (2011) expanded the mandate of the secretariat to include various functions that were previously performed by the South African Police Service and the Independent Police Investigative Directorate. These activities included community outreach and monitoring of the South African Police Service's implementation of the Domestic Violence Act (1998). Consistent with this, the spending focus over the medium term will be on strengthening civilian oversight over the South African Police Service through strategic and collaborative partnerships with civil society, intergovernmental and private institutions.

Between 2013/14 and 2016/17, spending in the secretariat is expected to increase significantly as the secretariat establishes itself as a separate department and begins to incur operational costs. Most of the secretariat's expenditure is on compensation of employees, due to the labour intensive nature of the oversight functions it performs. These include conducting over 400 oversight visits each year and deepening public participation in crime prevention through community outreach programmes and anti-crime campaigns.

The secretariat had 19 vacant positions, which are a result of internal promotions and difficulties experienced in finding suitable candidates. There are 119 filled posts, and this number is expected to increase to 143 in 2014/15 and remain at this level over the medium term. Spending on compensation of employees and on training and development is expected to increase over the medium term as a result. With this additional capacity, the secretariat expects to strengthen civilian oversight and police accountability over the medium term by increasing the number of police station oversight visits conducted from 450 in 2013/14 to 500 in 2016/17. Expenditure on travel and subsistence over the period is also expected to increase in line with the increase in the number of oversight visits.

To facilitate its separation from the South African Police Service in 2014/15 and to ensure compliance with the accounting, budgeting and reporting requirements of the Public Finance Management Act (1999), the secretariat is in the process of acquiring its own financial, human resources and ICT systems. This explains the growth in expenditure for computer services in 2013/14 and the projected increase in expenditure on consultants over the medium term. Consultants are to provide specialised services to assist with setting up the budgeting, reporting and accounting requirements necessary for the secretariat to become fully operational as a department.

## Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Private Security Industry Regulatory Authority** was established in terms of section 2 of the Private Security Industry Regulation Act (2001). The entity's legislative mandate is to: promote a legitimate private security industry which acts in terms of the principles contained in the Constitution and other applicable laws. The entity's total budget for 2014/15 is R185.9 million.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
				2010/11	2011/12		2013/14	2014/15	2015/16	2016/17
<b>Departmental infrastructure</b>										
Parow forensic laboratory	Construction of a forensic laboratory	Hand over	658.3	250.4	111.1	11.0	—	—	—	
Police stations	New and re-established police stations	Various	4 353.5	772.2	376.1	488.6	613.1	722.4	740.1	
Member and office accommodation	Living quarters and offices	Construction	793.2	78.9	85.0	21.8	197.5	104.3	145.4	
Small infrastructure projects	Repaired and renovated infrastructure	Construction	366.6	5.7	0.0	14.1	70.6	76.3	103.2	
Forensic science laboratory	Repaired and renovated infrastructure	Hand over	48.1	19.1	1.2	—	—	—	—	
Shooting ranges	Facilities to improve shooting competency of police officials	Construction	465.5	—	—	4.2	52.6	147.1	119.7	
Training facilities	Facilities to improve police personnel capabilities	Construction	426.0	37.9	93.7	149.2	19.9	23.3	69.3	
Mobile homes and storage facilities	Basic services for accommodation and storage	Various	216.7	18.0	3.9	2.8	83.2	36.5	30.0	
Forensic science laboratory (new)	Construction of a forensic laboratory	Design	27.2	—	—	—	—	—	27.2	
<b>Total</b>			<b>7 355.2</b>	<b>1 182.1</b>	<b>671.1</b>	<b>691.6</b>	<b>1 036.9</b>	<b>1 099.9</b>	<b>1 149.5</b>	<b>1 210.5</b>

# Vote 26

## Agriculture, Forestry and Fisheries

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	694.6	670.4	16.8	7.4	725.6	763.9
Agricultural Production, Health and Food Safety	2 199.8	564.1	1 627.3	8.4	2 252.7	2 089.4
Food Security and Agrarian Reform	1 711.1	274.3	1 396.2	40.5	1 718.8	1 768.7
Trade Promotion and Market Access	294.2	132.2	161.6	0.4	247.5	309.9
Forestry	1 364.9	737.8	582.2	44.9	1 233.4	1 279.3
Fisheries	427.8	176.4	251.3	–	443.3	462.9
<b>Total expenditure estimates</b>	<b>6 692.4</b>	<b>2 555.3</b>	<b>4 035.4</b>	<b>101.6</b>	<b>6 621.2</b>	<b>6 674.2</b>

Executive authority Minister of Agriculture, Forestry and Fisheries  
Accounting officer Director General of Agriculture, Forestry and Fisheries  
Website address [www.daff.gov.za](http://www.daff.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Lead, support and promote agricultural, forestry and fisheries resources management through policies, strategies and programmes to enhance sustainable use, and achieve economic growth, job creation, food security, rural development and transformation.*

### Mandate

The mandate of the Department of Agriculture, Forestry and Fisheries is to address production and consumption in the agriculture, forestry and fisheries sectors. The department's mandate is derived from a range of legislation, including the Sea Fisheries Act (1988), the National Forests Act (1988), the Agricultural Product Standards Act (1990), and the Conservation of Agricultural Resources Act (1993).

### Strategic goals

The department's strategic goals over the medium term, which are organised around the key priority areas of food security, job creation, and rural and economic development, are to:

- provide effective and efficient strategic leadership, governance and administration in the department
- increase production and productivity in the agriculture, forestry and fisheries sectors, to enhance employment and economic growth
- provide an enabling environment for food security and sector transformation
- ensure the sustainable use of natural resources in the forestry and fisheries sectors through the conservation, protection, rehabilitation and recovery of natural resources within ecosystems.

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide strategic leadership, management and support services to the department.

## Programme 2: Agricultural Production, Health and Food Safety

**Purpose:** Manage the risks associated with animal diseases, plant pests and genetically modified organisms. Registration of products used in agriculture. Promote food safety and create an enabling environment for increased and sustainable agricultural production.

## Programme 3: Food Security and Agrarian Reform

**Purpose:** Facilitate and promote food security and agrarian reform programmes and initiatives.

## Programme 4: Trade Promotion and Market Access

**Purpose:** Ensure value chain integration, and facilitate market access for agriculture, forestry and fisheries products.

## Programme 5: Forestry

**Purpose:** Develop and facilitate the implementation of policies and targeted programmes to ensure proper management of forests, and the sustainable use and protection of land and water. Manage agricultural risks and disasters.

## Programme 6: Fisheries

**Purpose:** Promote the development, management, monitoring and sustainable use of marine living resources and the development of the fisheries sector.

## Selected performance indicators

**Table 26.1 Agriculture, Forestry and Fisheries**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of livestock and plant improvement schemes monitored for effectiveness per year	Agricultural Production, Health and Food Safety	Outcome 7: Vibrant equitable and sustainable rural communities with food security for all	-1	-1	-1	-1	4	4	4
Number of surveillances on animal diseases conducted per year	Agricultural Production, Health and Food Safety		-1	-1	2	2	2	2	2
Number of surveillances on plant diseases conducted per year	Agricultural Production, Health and Food Safety		-1	-1	-1	1	1	1	1
Number of veterinary clinics provided to improve animal health in rural areas per year	Agricultural Production, Health and Food Safety		-1	-1	-1	27	32	32	10
Number of subsistence and smallholder producers supported per year	Food Security and Agrarian Reform		85 505	238 289	139 671	146 000	156 500	163 000	170 000
Number of hectares in underutilised areas cultivated for production per year	Food Security and Agrarian Reform		-1	-1	105 040ha	106 090ha	107 151ha	108 223ha	113 634ha
Number of smallholders linked to markets per year	Trade Promotion and Market access		-1	-1	-1	9	18	32	64
Number of hectares of land restored through reforestation and land rehabilitation per year	Forestry		Outcome 10: Environment assets and natural resources that are well protected and continually enhanced	66 272ha	32 102ha	46 779ha	30 500ha	30 500ha	30 500ha
Number of hectares of temporary unplanted areas per year	Forestry	-1		-1	-1	1 000ha	2 300ha	2 300ha	2 300ha

**Table 26.1 Agriculture, Forestry and Fisheries**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of jobs created through refurbishment of category B and C plantations for expanded public works programme per year	Forestry	Outcome 4: Decent employment through inclusive economic growth	150	1 729	1 719	2 725	2 400	2 400	2 400
Number of LandCare jobs created per year	Forestry		302	328	908	1 100	900	900	900
Number of sectors allocated fishing rights to SMMEs per year	Fisheries	Outcome 10: Environment assets and natural resources that are well protected and continually enhanced	-1	-1	8	8	8	8	8

1. No past data, as the indicators are new.

## The national development plan

The national development plan identifies agriculture as one of the key job creating sectors, with the potential to create job opportunities for 300 000 households in agriculture smallholder schemes and 145 000 jobs in agro-processing by 2020. The sector also has the potential to improve the living conditions of 660 000 farm workers. The plan expects that, by 2030, a third of the country's food trade surplus should be produced by small scale farmers or households.

Many of the department's strategic goals and associated objectives are aligned with the focus of the national development plan. These include providing an enabling environment for food security and sustainable agrarian transformation; increasing production and productivity to enhance employment and economic growth; ensuring the sustainable use of natural resources through the conservation, protection, rehabilitation and recovery of natural resources within ecosystems. The department has supported approximately 609 000 subsistence and smallholder producers between 2010/11 and 2013/14, and aims to continue providing comprehensive support to all categories of producers over the medium term. The support will increase the number of people participating in activities in the agricultural, forestry and fisheries sectors, and thus facilitate their greater participation in the country's economy.

The department also aims to contribute to improving the efficiency of smallholder producers by implementing various production strategies. These include organising smallholder producers into commodity based organisations, increasing their collective bargaining power in negotiations for production inputs and markets, and providing support and training to small medium and micro enterprises (SMME). The implementation of transformation frameworks such as the AgriBEE Sector Charter and the Forestry Sector Transformation Charter, and the allocation of commercial fishing rights, will also facilitate and promote broader participation in the country's economy. Three programmes are aligned with the national development plan. These are the Fetsa Tlala integrated food production initiative, which is aimed at mass production of staple foods on fallow land with agricultural potential in communal areas; Ilima/Letsema, which is aimed at supporting sustainable agriculture and promoting rural development for smallholder producers; and the LandCare programme, which is aimed at addressing land degradation problems and encouraging the sustainable use of natural resources.

The department is also supporting targeted land reform beneficiaries in line with the plan's land reform objective by providing post-settlement support through the comprehensive agricultural support programme.

In contributing to the sustainable use of natural resources, the department will implement sustainable development programmes that ensure the protection of biomes and endangered species, rehabilitate degraded land, mitigate climate change and provide adaptation strategies. About 175 653 hectares of land have been restored through reforestation and land rehabilitation programmes between 2010/11 and 2013/14, and the department expects to restore and rehabilitate a further 91 500 hectares over the medium term.

The plan also states that the agricultural sector has the potential to create close to 1 million new jobs by 2030. To do this, South Africa needs to expand irrigated agriculture. The 1.5 million hectares currently under irrigation could be expanded by at least another 500 000 hectares to 2 million hectares. The government also

needs to support commercial agricultural industries and regions with the highest growth and employment potential; support upstream and downstream agricultural job creation; find creative opportunities for collaboration between commercial farmers, smallholder farmers and complementary industries; and develop strategies that give new entrants access to value chains and support. Between 2010/11 and 2013/14, the department created over 2 638 jobs under the LandCare programme and 4 178 jobs under the Working for Fisheries project. Over the medium term, it is expected to create 2 700 jobs and 3 550 jobs under the LandCare and the Working for Fisheries programmes.

## Expenditure estimates

**Table 26.2 Agriculture, Forestry and Fisheries**

Programme	Audited outcome			Adjusted Appropriation 2013/14	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13			2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	
R million												
Administration	478.8	582.0	644.9	670.9	670.9	11.9%	11.5%	694.6	725.6	763.9	4.4%	10.9%
Agricultural Production, Health and Food Safety	1 234.4	1 644.9	1 874.8	2 036.5	2 036.5	18.2%	32.8%	2 199.8	2 252.7	2 089.4	0.9%	32.8%
Food Security and Agrarian Reform	1 050.9	1 251.6	1 405.2	1 599.3	1 599.3	15.0%	25.6%	1 711.1	1 718.8	1 768.7	3.4%	26.0%
Trade Promotion and Market Access	145.3	190.2	212.2	258.2	258.2	21.1%	3.9%	294.2	247.5	309.9	6.3%	4.2%
Forestry	661.5	884.7	1 191.8	1 183.6	1 183.6	21.4%	18.9%	1 364.9	1 233.4	1 279.3	2.6%	19.3%
Fisheries	259.1	352.0	484.3	433.7	433.7	18.7%	7.4%	427.8	443.3	462.9	2.2%	6.8%
<b>Total</b>	<b>3 830.0</b>	<b>4 905.3</b>	<b>5 813.2</b>	<b>6 182.3</b>	<b>6 182.3</b>	<b>17.3%</b>	<b>100.0%</b>	<b>6 692.4</b>	<b>6 621.2</b>	<b>6 674.2</b>	<b>2.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				4.3	4.3			133.5	(178.4)	(197.0)		
<b>Economic classification</b>												
<b>Current payments</b>	<b>1 734.7</b>	<b>1 972.5</b>	<b>2 149.6</b>	<b>2 395.8</b>	<b>2 395.8</b>	<b>11.4%</b>	<b>39.8%</b>	<b>2 555.3</b>	<b>2 691.9</b>	<b>2 802.3</b>	<b>5.4%</b>	<b>39.9%</b>
Compensation of employees	1 189.9	1 320.7	1 419.1	1 603.3	1 603.3	10.4%	26.7%	1 697.9	1 833.4	1 934.6	6.5%	27.0%
Goods and services	543.6	651.3	729.6	791.4	791.4	13.3%	13.1%	856.2	857.2	866.4	3.1%	12.9%
<i>of which:</i>												
Administration fees	45.0	51.3	60.0	4.5	4.5	-53.5%	0.8%	57.9	69.6	82.8	163.5%	0.8%
Assets less than the capitalisation threshold	4.7	2.9	2.8	70.5	70.5	146.1%	0.4%	134.3	110.7	80.6	4.6%	1.5%
Property payments	14.7	26.2	38.1	119.0	119.0	100.7%	1.0%	64.3	68.4	71.1	-15.8%	1.2%
Travel and subsistence	133.1	158.3	143.1	114.7	114.7	-4.8%	2.6%	109.6	110.2	112.4	-0.7%	1.7%
Interest and rent on land	1.2	0.5	0.9	1.2	1.2	-1.0%	0.0%	1.2	1.2	1.3	3.6%	0.0%
<b>Transfers and subsidies</b>	<b>1 983.7</b>	<b>2 800.5</b>	<b>3 493.0</b>	<b>3 639.3</b>	<b>3 639.3</b>	<b>22.4%</b>	<b>57.5%</b>	<b>4 035.4</b>	<b>3 832.4</b>	<b>3 771.4</b>	<b>1.2%</b>	<b>58.4%</b>
Provinces and municipalities	1 126.2	1 652.3	2 062.8	2 152.9	2 152.9	24.1%	33.7%	2 390.1	2 239.1	2 337.1	2.8%	34.8%
Departmental agencies and accounts	792.9	1 006.6	1 310.0	1 269.6	1 269.6	17.0%	21.1%	1 354.6	1 214.8	1 278.9	0.2%	19.6%
Higher education institutions	–	0.1	4.7	5.8	5.8		0.1%	7.1	8.3	9.0	15.5%	0.1%
Foreign governments and international organisations	29.6	31.9	32.0	45.9	45.9	15.7%	0.7%	34.7	28.9	30.0	-13.2%	0.5%
Public corporations and private enterprises	8.3	38.1	40.0	139.4	139.4	155.7%	1.1%	220.2	312.9	96.4	-11.6%	2.9%
Non-profit institutions	6.7	12.0	11.2	20.3	20.3	44.8%	0.2%	26.9	26.4	18.0	-3.9%	0.4%
Households	19.9	59.4	32.2	5.4	5.4	-35.4%	0.6%	1.9	2.0	2.0	-27.9%	0.0%
<b>Payments for capital assets</b>	<b>111.3</b>	<b>132.0</b>	<b>169.4</b>	<b>147.1</b>	<b>147.1</b>	<b>9.7%</b>	<b>2.7%</b>	<b>101.6</b>	<b>97.0</b>	<b>100.4</b>	<b>-11.9%</b>	<b>1.7%</b>
Buildings and other fixed structures	47.1	54.2	57.8	37.7	37.7	-7.2%	0.9%	42.7	44.5	46.3	7.1%	0.7%
Machinery and equipment	62.4	77.6	111.3	107.6	107.6	19.9%	1.7%	58.2	51.6	53.3	-20.9%	1.0%
Biological assets	0.0	0.0	–	0.5	0.5	238.5%	0.0%	0.8	0.8	0.9	19.9%	0.0%
Software and other intangible assets	1.8	0.2	0.4	1.3	1.3	-10.3%	0.0%	0.0	0.0	0.0	-73.1%	0.0%
<b>Payments for financial assets</b>	<b>0.3</b>	<b>0.3</b>	<b>1.3</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>3 830.0</b>	<b>4 905.3</b>	<b>5 813.2</b>	<b>6 182.3</b>	<b>6 182.3</b>	<b>17.3%</b>	<b>100.0%</b>	<b>6 692.4</b>	<b>6 621.2</b>	<b>6 674.2</b>	<b>2.6%</b>	<b>100.0%</b>

## Personnel information

**Table 26.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number						
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)					
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17				
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost	
Agriculture, Forestry and Fisheries		7 068	304	6 151	419.1	0.2	6 980	1 603.3	0.2	6 980	1 697.9	0.2	6 980	1 833.4	0.3	6 980	1 934.6	0.3	-	100.0%
Salary level																				
1 – 6	4 216	276	3 765	439.0	0.1	4 154	539.4	0.1	4 154	567.1	0.1	4 154	603.9	0.1	4 154	640.0	0.2	-	59.5%	
7 – 10	2 211	17	1 885	545.5	0.3	2 231	691.3	0.3	2 231	728.3	0.3	2 231	794.7	0.4	2 231	837.3	0.4	-	32.0%	
11 – 12	511	3	390	289.4	0.7	465	246.2	0.5	465	264.0	0.6	465	287.4	0.6	465	302.6	0.7	-	6.7%	
13 – 16	128	6	109	139.2	1.3	128	114.8	0.9	128	123.8	1.0	128	131.5	1.0	128	138.5	1.1	-	1.8%	
Other	2	2	2	6.0	3.0	2	11.7	5.8	2	14.8	7.4	2	15.9	7.9	2	16.2	8.1	-	0.0%	

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on increasing food production by providing agricultural support to smallholder farmers through the comprehensive agricultural support programme; and implementing the Landcare, Ilima/Letsema food production and Fetsa Tlala food security programmes. The department plans to spend over R7 billion on conditional grants to provinces to support approximately 435 000 subsistence and 54 500 smallholder producers, and improve extension services. The department also plans to provide flood disaster relief in Limpopo, Mpumalanga and Western Cape, to which additional allocations of R209 million over the medium term have been made. The spending focus will also be on making additional transfers of R50 million in 2014/15 and R50 million in 2016/17 to the Land and Agricultural Development Bank of South Africa to support the implementation of the retail emerging markets model.

Over the medium term, expenditure is expected to decrease due to Cabinet approved budget reductions of R90 million, R100 million and R145 million, and the shifting of R22 million per year to the Department of Environmental Affairs in line with the shift of the Knysna indigenous forest management function. The reductions are in spending on compensation of employees and goods and services expenditure across all programmes. These reductions are not expected to have an impact on service delivery.

The department expects over the medium term to fill only 6 980 posts from its establishment of 7 068 posts and 304 additional to the establishment. At the end of November 2013, there were 6 107 filled posts, of which 873 were vacant. The vacancies were mainly due to normal attrition and the length of time it takes to finalise the recruitment process.

Expenditure in the *Agricultural Production, Health and Food Safety* programme increased between 2010/11 and 2013/14 due to the procurement of toolkits and 74 mobile clinics for animal health technicians to create an enabling environment for the appointment of 1 000 veterinarians in all nine provinces by 2015; and an increase in the allocation to the Ilima/Letsema programme. The increase in expenditure on transfers to provinces and municipalities over the same period was due to an increase in the comprehensive agricultural support programme conditional grant in order to increase the number of smallholder farmers supported from 85 505 in 2010/11 to 146 000 in 2013/14. A further reason for the increase in spending in the *Agricultural Production, Health and Food Safety* programme and on transfers over the same period was the additional allocation of R50 million in 2011/12 and R120 million in 2012/13 to the Agricultural Research Council to upgrade the foot and mouth disease facility; and R492.4 million allocated in 2013/14 and 2015/16 for Onderstepoort Biological Products to build and modernise vaccine production facilities and equipment.

### Infrastructure spending

Infrastructure projects funded by the department have an estimated cost of R708 million. This includes: R250 million for fences along South Africa's borders with Zimbabwe and Mozambique to manage the incidence of foot and mouth disease, on which approximately R102 million has been spent to date with R90 million projected to be spent over the medium term; R200 million budgeted for drilling and fitting boreholes for

agricultural purposes in rural communities across the country; R54.6 million allocated for upgrading and maintaining buildings and laboratories at the Stellenbosch plant quarantine station where the project is in its first phase, with R3.5 million spent in 2013/14; and R492.4 million to upgrade the Onderstepoort Biological Products vaccine facility, with about R63 million spent as at December 2013 and the remainder to be spent over the medium term.

## Departmental receipts

Table 26.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
<b>Departmental receipts</b>	<b>156 961</b>	<b>177 368</b>	<b>198 029</b>	<b>383 835</b>	<b>392 255</b>	<b>35.7%</b>	<b>100.0%</b>	<b>159 918</b>	<b>167 913</b>	<b>176 310</b>	<b>-23.4%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>126 973</b>	<b>128 005</b>	<b>153 648</b>	<b>126 914</b>	<b>131 135</b>	<b>1.1%</b>	<b>58.4%</b>	<b>124 472</b>	<b>130 696</b>	<b>137 232</b>	<b>1.5%</b>	<b>58.4%</b>
Sales by market establishments	2 864	3 774	3 224	2 908	3 129	3.0%	1.4%	3 285	3 449	3 622	5.0%	1.5%
of which:												
Dwelling	2 499	3 097	2 937	2 205	2 205	-4.1%	1.2%	2 315	2 430	2 552	5.0%	1.1%
Rental parking: Covered and open	251	265	278	342	342	10.9%	0.1%	359	377	396	5.0%	0.2%
Rental other: Machinery and equipment	-	-	-	-	221	-	-	232	244	256	5.0%	0.1%
Wool and skin	114	412	9	361	361	46.8%	0.1%	379	398	418	5.0%	0.2%
Administration fees	88 226	94 402	110 464	86 395	90 395	0.8%	41.5%	81 695	85 780	90 069	-0.1%	38.8%
of which:												
Farm feeds registration	11 233	2 597	9 515	10 290	10 290	-2.9%	3.6%	10 805	11 345	11 912	5.0%	4.9%
Plant breeders right	1 991	2 451	2 518	4 725	4 725	33.4%	1.3%	4 961	5 209	5 469	5.0%	2.3%
Stock remedy	754	4 754	1 473	5 145	5 145	89.7%	1.3%	5 402	5 672	5 956	5.0%	2.5%
Inspection fees: Statutory services	50 272	54 689	60 948	43 050	43 050	-5.0%	22.6%	45 203	47 463	49 836	5.0%	20.7%
Other	23 976	29 911	36 010	23 185	27 185	4.3%	12.7%	15 324	16 091	16 896	-14.7%	8.4%
Other sales	35 883	29 829	39 960	37 611	37 611	1.6%	15.5%	39 492	41 467	43 541	5.0%	18.1%
of which:												
Services rendered: Baoding service: Private	1 109	1 453	1 610	1 995	1 995	21.6%	0.7%	2 094	2 199	2 309	5.0%	1.0%
Services rendered: Commission insurance	60	1 678	1 657	1 533	1 533	194.5%	0.5%	1 609	1 690	1 775	5.0%	0.7%
Services rendered: Course fees	-	888	1 195	1 890	1 890	-	0.4%	1 984	2 083	2 187	5.0%	0.9%
Laboratory services: Plant	1 041	1 120	942	2 373	2 373	31.6%	0.6%	2 492	2 617	2 748	5.0%	1.1%
Other	33 673	24 690	34 556	29 820	29 820	-4.0%	13.3%	31 313	32 878	34 522	5.0%	14.3%
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>28</b>	<b>7</b>	<b>41</b>	<b>9</b>	<b>9</b>	<b>-31.5%</b>	<b>-</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>-</b>
of which:												
Waste paper	28	7	41	9	9	-31.5%	-	9	9	9	-	-
Transfers received	9	3	169	121	150	155.4%	-	127	133	140	-2.3%	0.1%
Fines, penalties and forfeits	43	54	44	50	50	5.2%	-	29	30	32	-13.8%	-
Interest, dividends and rent on land	8 130	9 387	8 871	14 695	17 815	29.9%	4.8%	16 538	17 365	18 233	0.8%	7.8%
Interest	7 240	8 101	8 148	12 915	12 915	21.3%	3.9%	13 561	14 239	14 951	5.0%	6.2%
Rent on land	890	1 286	723	1 780	4 900	76.6%	0.8%	2 977	3 126	3 282	-12.5%	1.6%
Sales of capital assets	513	116	7 018	-	1 050	27.0%	0.9%	1 103	1 158	1 216	5.0%	0.5%
Transactions in financial assets and liabilities	21 265	39 796	28 238	242 046	242 046	124.9%	35.8%	17 640	18 522	19 448	-56.8%	33.2%
<b>Total</b>	<b>156 961</b>	<b>177 368</b>	<b>198 029</b>	<b>383 835</b>	<b>392 255</b>	<b>35.7%</b>	<b>100.0%</b>	<b>159 918</b>	<b>167 913</b>	<b>176 310</b>	<b>-23.4%</b>	<b>100.0%</b>

# Programme 1: Administration

## Expenditure estimates

Table 26.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Ministry	31.7	34.5	28.4	30.5	-1.4%	5.3%	31.9	33.4	35.1	4.9%	4.6%
Department Management	21.0	17.3	24.6	21.0	-	3.5%	23.9	26.4	27.3	9.1%	3.5%
Financial Administration	117.4	124.9	122.6	144.0	7.1%	21.4%	150.3	155.1	163.3	4.3%	21.5%
Internal Audit	8.8	3.6	6.1	8.3	-2.0%	1.1%	8.5	8.9	9.3	4.1%	1.2%
Corporate Services	107.0	119.0	148.4	151.7	12.3%	22.1%	159.0	164.1	172.6	4.4%	22.7%
Stakeholder Relations, Communication and Legal Services	48.5	50.0	76.1	70.2	13.1%	10.3%	74.8	74.8	78.7	3.9%	10.5%
Policy, Planning, Monitoring and Evaluation	59.3	98.4	72.6	80.7	10.8%	13.1%	79.5	84.5	88.5	3.1%	11.7%
Office Accommodation	85.1	134.4	166.1	164.6	24.6%	23.1%	166.7	178.5	189.0	4.7%	24.5%
<b>Total</b>	<b>478.8</b>	<b>582.0</b>	<b>644.9</b>	<b>670.9</b>	<b>11.9%</b>	<b>100.0%</b>	<b>694.6</b>	<b>725.6</b>	<b>763.9</b>	<b>4.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				6.9			(20.6)	(24.4)	(28.9)		

### Economic classification

<b>Current payments</b>	<b>440.3</b>	<b>553.1</b>	<b>620.6</b>	<b>649.5</b>	<b>13.8%</b>	<b>95.2%</b>	<b>670.4</b>	<b>699.8</b>	<b>736.4</b>	<b>4.3%</b>	<b>96.5%</b>
Compensation of employees	240.1	262.5	281.6	326.9	10.8%	46.7%	369.7	388.8	408.5	7.7%	52.3%
Goods and services	200.0	290.4	339.0	322.6	17.3%	48.5%	300.6	311.0	327.9	0.5%	44.2%
<i>of which:</i>											
Administration fees	44.0	50.3	58.9	1.5	-67.5%	6.5%	54.1	65.6	78.7	273.3%	7.0%
Assets less than the capitalisation threshold	1.8	0.6	0.6	3.5	23.5%	0.3%	2.2	2.5	2.9	-5.3%	0.4%
Property payments	7.9	16.8	26.2	101.3	134.3%	6.4%	52.7	57.0	59.2	-16.4%	9.5%
Travel and subsistence	30.9	47.8	37.0	27.6	-3.7%	6.0%	26.4	27.4	28.8	1.4%	3.9%
Interest and rent on land	0.2	0.2	0.0	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>7.2</b>	<b>2.1</b>	<b>7.9</b>	<b>8.8</b>	<b>6.6%</b>	<b>1.1%</b>	<b>16.8</b>	<b>18.4</b>	<b>20.0</b>	<b>31.6%</b>	<b>2.2%</b>
Provinces and municipalities	0.1	0.0	0.0	0.1	-3.9%	-	0.0	0.0	0.0	-12.1%	-
Departmental agencies and accounts	1.1	1.3	1.6	8.7	96.4%	0.5%	16.8	18.4	20.0	32.1%	2.2%
Public corporations and private enterprises	3.0	0.2	0.2	-	-100.0%	0.1%	-	-	-	-	-
Non-profit institutions	-	-	0.1	-	-	-	-	-	-	-	-
Households	3.0	0.6	6.1	0.1	-73.8%	0.4%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>31.2</b>	<b>26.7</b>	<b>16.4</b>	<b>12.6</b>	<b>-26.0%</b>	<b>3.7%</b>	<b>7.4</b>	<b>7.3</b>	<b>7.5</b>	<b>-16.0%</b>	<b>1.2%</b>
Buildings and other fixed structures	12.5	15.8	3.5	5.0	-26.3%	1.5%	5.0	5.0	5.0	-	0.7%
Machinery and equipment	17.0	10.8	12.5	6.5	-27.4%	2.0%	2.4	2.3	2.5	-27.6%	0.5%
Software and other intangible assets	1.7	0.1	0.4	1.1	-13.2%	0.1%	-	-	-	-100.0%	-
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>478.8</b>	<b>582.0</b>	<b>644.9</b>	<b>670.9</b>	<b>11.9%</b>	<b>100.0%</b>	<b>694.6</b>	<b>725.6</b>	<b>763.9</b>	<b>4.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>12.5%</b>	<b>11.9%</b>	<b>11.1%</b>	<b>10.9%</b>			<b>10.4%</b>	<b>11.0%</b>	<b>11.4%</b>		

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>1.1</b>	<b>1.3</b>	<b>1.6</b>	<b>8.7</b>	<b>96.4%</b>	<b>0.5%</b>	<b>(0.0)</b>	<b>18.4</b>	<b>20.0</b>	<b>32.1%</b>	<b>1.6%</b>
Communication	-	-	0.1	-	-	-	-	0.0	0.0	-	-
Primary Agriculture Sector Education and Training Authority	1.1	1.3	1.5	1.7	13.5%	0.2%	(0.0)	1.9	2.0	5.3%	0.2%
National Research Foundation	-	-	-	7.0	-	0.3%	-	16.5	18.0	37.0%	1.5%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>1.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Forest Sector Charter Council	1.7	-	-	-	-100.0%	0.1%	-	-	-	-	-
<b>Public corporations and private enterprises</b>											
<b>Private enterprises</b>											
<b>Other transfers to private enterprises</b>											
<b>Current</b>	<b>1.3</b>	<b>0.2</b>	<b>0.2</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Claims against the state	1.3	0.2	0.2	-	-100.0%	0.1%	-	-	-	-	-
<b>Households</b>											
<b>Social benefits</b>											

Table 26.5 Administration

R million	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
<b>Current</b>	3.0	0.6	1.4	0.1	-73.8%	0.2%	-	-	-	-100.0%	-
Employee social benefits	3.0	0.6	1.4	0.1	-73.8%	0.2%	-	-	-	-100.0%	-
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	-	0.0	4.7	-	-	0.2%	-	-	-	-	-
Claims against the state	-	0.0	4.7	-	-	0.2%	-	-	-	-	-

## Personnel information

Table 26.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Administration</b>																			
<b>Salary level</b>	1 124	14	953	281.6	0.3	1 125	326.9	0.3	1 125	369.7	0.3	1 125	388.8	0.3	1 125	408.5	0.4	-	100.0%
1 – 6	526	7	455	61.7	0.1	522	84.3	0.2	522	96.2	0.2	522	100.5	0.2	522	104.9	0.2	-	46.4%
7 – 10	422	3	365	97.0	0.3	430	129.1	0.3	430	145.9	0.3	430	153.7	0.4	430	161.9	0.4	-	38.2%
11 – 12	120	-	84	59.2	0.7	117	61.4	0.5	117	69.4	0.6	117	73.1	0.6	117	77.0	0.7	-	10.4%
13 – 16	54	2	47	57.6	1.2	54	45.8	0.8	54	51.6	1.0	54	54.4	1.0	54	57.3	1.1	-	4.8%
Other	2	2	2	6.0	3.0	2	6.3	3.2	2	6.7	3.4	2	7.1	3.5	2	7.4	3.7	-	0.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on acquiring offices for the forestry and fisheries branches through the *Office Accommodation* subprogramme; facilitating and coordinating research by engaging with the National Agricultural Research Forum through the *Policy, Planning, Monitoring and Evaluation* subprogramme; developing service level agreements with the Agricultural Research Council for research and development to be carried out; and providing effective support services to the department.

Expenditure on compensation of employees between 2010/11 and 2013/14 grew significantly after the staff complement of the legal and communication services branch was increased from 1 093 in 2010/11 to 1 124 in 2013/14. This was to provide capacity to deal with the additional responsibilities created by the transfer of the forestry and fisheries functions to the department in 2009/10. Expenditure is expected to grow slightly over the medium term due to improvements to conditions of service, and the adjustments and upgrades of the posts in the establishment in terms of a Public Service Coordinating Bargaining Council resolution. There were 150 vacancies at the end of November 2013 due to normal attrition and the length of time it takes to finalise the recruitment process.

The management of the Knysna indigenous forests function was shifted from this programme to the Department of Environmental Affairs in July 2011. Thus over the medium term, R22 million per year in the department's budget is transferred accordingly.

## Programme 2: Agricultural Production, Health and Food Safety

### Objectives

- Promote efficient production, handling and processing of food, fibre and timber by implementing 5 plant and animal production strategies to increase production by 2016/17.

- Manage the level of risks associated with food, diseases, pests and natural disasters by continuously facilitating the development and implementation of plant and animal strategies, policies, quality standards, and other sanitary and phyto-sanitary measures.
- Establish and maintain effective early warning and mitigation systems by improving the early detections of and reaction time to outbreaks of animal and plant diseases and pests over the medium term.

## Subprogrammes

- *Management* oversees and manages the programme. This subprogramme had a staff complement of 3 in 2013/14.
- *Inspection and Laboratory Services* provides leadership, guidance and support to ensure compliance with agricultural legislation and regulatory frameworks; and oversees the effective implementation of risk management strategies and plans for regulated agricultural products. In 2012/13, regulatory services in respect of sound agricultural inputs, food safety and quality assurance regulatory requirements, enforcement of bio-security management prerequisites and the sanitary and phyto-sanitary advocacy bio-security areas were provided. In 2013, disease outbreaks in production areas and interceptions at export channels were reduced significantly as a result of the enforcement of the regulatory framework. This subprogramme had a staff complement of 966 in 2013/14.
- *Plant Production and Health* is discussed in more detail below.
- *Animal Production and Health* improves livestock production through the implementation of animal production and health programmes, an informed extension service and sustainable natural resource management. It coordinates concurrent provision of primary animal health care, veterinary public health care services and animal production services. In 2012/13, surveillance for foot and mouth disease and avian influenza was conducted to regain global recognition status to enable enhanced trade in products of animal origin. In implementing the primary animal health care programme, 27 veterinary mobile clinics and associated laboratory equipment were procured in 2012/13. By the end of September 2013, about 700 new producers had participated in schemes to improve livestock production, and health and the safety of animal products. In 2014/15, existing livestock improvement schemes will be monitored and any limitations addressed. Over the medium term, key activities will include reviewing and strengthening animal disease control measures and working to regain and retain the foot and mouth disease free status. This will support the trade in livestock and related products. This subprogramme had a staff complement of 379 in 2013/14.
- *Agriculture Research* manages monthly transfers to the Agricultural Research Council.

## Expenditure estimates

**Table 26.7 Agricultural Production, Health and Food Safety**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Management	1.9	2.1	1.0	2.9	15.3%	0.1%	2.9	3.0	3.2	2.5%	0.1%
Inspection and Laboratory Services	223.4	263.2	272.6	297.2	10.0%	15.6%	315.5	330.8	347.5	5.4%	15.1%
Plant Production and Health	255.2	473.1	488.9	507.6	25.8%	25.4%	541.0	567.2	596.1	5.5%	25.8%
Animal Production and Health	131.7	150.9	169.3	278.5	28.4%	10.8%	311.2	470.9	213.0	-8.5%	14.8%
Agricultural Research	622.3	755.5	943.0	950.3	15.2%	48.2%	1 029.2	880.8	929.6	-0.7%	44.2%
<b>Total</b>	<b>1 234.4</b>	<b>1 644.9</b>	<b>1 874.8</b>	<b>2 036.5</b>	<b>18.2%</b>	<b>100.0%</b>	<b>2 199.8</b>	<b>2 252.7</b>	<b>2 089.4</b>	<b>0.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(29.6)			(66.3)	(51.1)	(50.7)		

Table 26.7 Agricultural Production, Health and Food Safety

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Current payments</b>	<b>390.8</b>	<b>445.7</b>	<b>474.1</b>	<b>508.9</b>	<b>9.2%</b>	<b>26.8%</b>	<b>564.1</b>	<b>610.4</b>	<b>641.2</b>	<b>8.0%</b>	<b>27.1%</b>
Compensation of employees	282.9	324.5	347.5	387.3	11.0%	19.8%	409.1	478.6	502.2	9.0%	20.7%
Goods and services	107.8	121.1	126.7	121.7	4.1%	7.0%	155.0	131.8	139.0	4.6%	6.4%
of which:											
Administration fees	0.2	0.2	0.4	0.4	27.2%	-	0.4	0.4	0.5	5.7%	-
Assets less than the capitalisation threshold	1.3	1.3	0.5	19.1	144.0%	0.3%	65.1	36.7	40.0	27.8%	1.9%
Property payments	1.9	3.8	2.7	2.6	10.7%	0.2%	1.0	1.0	1.0	-27.8%	0.1%
Travel and subsistence	31.9	45.1	32.0	27.3	-5.0%	2.0%	23.3	27.6	27.4	0.1%	1.2%
Interest and rent on land	0.1	0.2	-	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>833.3</b>	<b>1 186.2</b>	<b>1 368.7</b>	<b>1 494.6</b>	<b>21.5%</b>	<b>71.9%</b>	<b>1 627.3</b>	<b>1 641.0</b>	<b>1 446.9</b>	<b>-1.1%</b>	<b>72.4%</b>
Provinces and municipalities	192.6	405.1	415.9	438.6	31.6%	21.4%	460.6	481.8	507.4	5.0%	22.0%
Departmental agencies and accounts	622.3	755.5	943.1	950.3	15.2%	48.2%	1 029.2	880.8	929.6	-0.7%	44.2%
Public corporations and private enterprises	1.0	0.5	0.3	97.5	358.0%	1.5%	127.5	268.4	-	-100.0%	5.8%
Non-profit institutions	6.6	6.9	7.3	7.6	5.1%	0.4%	10.0	10.0	10.0	9.3%	0.4%
Households	10.8	18.1	2.2	0.6	-62.4%	0.5%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>10.3</b>	<b>12.9</b>	<b>30.8</b>	<b>33.0</b>	<b>47.4%</b>	<b>1.3%</b>	<b>8.4</b>	<b>1.2</b>	<b>1.3</b>	<b>-66.2%</b>	<b>0.5%</b>
Machinery and equipment	10.2	12.8	30.8	32.9	47.6%	1.3%	8.4	1.2	1.3	-66.2%	0.5%
Software and other intangible assets	0.1	0.1	-	0.1	19.0%	-	-	-	-	-100.0%	-
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.1</b>	<b>1.1</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 234.4</b>	<b>1 644.9</b>	<b>1 874.8</b>	<b>2 036.5</b>	<b>18.2%</b>	<b>100.0%</b>	<b>2 199.8</b>	<b>2 252.7</b>	<b>2 089.4</b>	<b>0.9%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	32.2%	33.5%	32.3%	32.9%			32.9%	34.0%	31.3%		

## Details of selected transfers and subsidies

Provinces and municipalities											
Provinces											
Provincial Revenue Funds											
Current	192.5	405.0	415.8	438.5	31.6%	21.4%	460.6	481.8	507.4	5.0%	22.0%
Lloma/Letsema projects grant	192.5	405.0	415.8	438.5	31.6%	21.4%	460.6	481.8	507.4	5.0%	22.0%
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	503.4	543.5	726.8	848.7	19.0%	38.6%	921.5	768.1	810.9	-1.5%	39.0%
Agricultural Research Council	503.4	543.5	726.7	848.7	19.0%	38.6%	921.5	768.1	810.9	-1.5%	39.0%
Capital	118.9	212.0	216.3	101.6	-5.1%	9.6%	107.7	112.6	118.6	5.3%	5.1%
Agricultural Research Council	118.9	212.0	216.3	101.6	-5.1%	9.6%	107.7	112.6	118.6	5.3%	5.1%
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Capital	-	-	-	96.5	-	1.4%	127.5	268.4	-	-100.0%	5.7%
Onderstepoort Biological Products	-	-	-	96.5	-	1.4%	127.5	268.4	-	-100.0%	5.7%
Public corporations and private enterprises											
Non-profit institutions											
Current	6.6	6.9	7.3	7.6	5.1%	0.4%	10.0	10.0	10.0	9.3%	0.4%
Deciduous Fruit Producers' Trust	6.6	6.9	7.3	7.6	5.1%	0.4%	10.0	10.0	10.0	9.3%	0.4%

## Personnel information

Table 26.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Salary level	Number of posts estimated for 31 March 2014	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
				Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Agricultural Production, Health and Food Safety				1 345	347.5	0.3	1 535	387.3	0.3	1 535	409.1	0.3	1 535	478.6	0.3	1 535	502.2	0.3	-	100.0%
1 - 6	619	1		580	64.5	0.1	624	76.8	0.1	624	81.8	0.1	624	95.7	0.2	624	100.7	0.2	-	40.7%
7 - 10	746	-		636	180.0	0.3	752	224.2	0.3	752	235.6	0.3	752	276.2	0.4	752	289.0	0.4	-	49.0%
11 - 12	151	1		116	85.4	0.7	144	73.8	0.5	144	78.5	0.5	144	91.9	0.6	144	96.7	0.7	-	9.4%
13 - 16	15	-		13	17.6	1.4	15	12.4	0.8	15	13.2	0.9	15	15.0	1.0	15	15.8	1.1	-	1.0%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on: increasing agricultural production and protecting crops by reviewing and implementing disease management measures through the *Plant Production and Health* subprogramme, which is discussed in further detail in the section that follows; monitoring the access and participation of smallholder farmers in the 9 animal improvement schemes and the veld and forage programmes, and increasing to 100 the number of newly qualified veterinarians deployed to rural areas by 2015 through the *Animal Production and Health* subprogramme's animal primary healthcare programme; and providing funding to the Agricultural Research Council and Onderstepoort Biological Products.

The projected increase in the number of veterinarians deployed to rural areas explains the projected increase in expenditure in the *Animal Production and Health* subprogramme in the first two years of the MTEF period. Expenditure is set to decline significantly thereafter as the animal primary healthcare programme is scheduled to come to an end in 2016/17. Spending in this subprogramme increased in 2012/13 and 2013/14 as the subprogramme spent on expanding logistical and other facilities in remote rural areas by delivering 74 mobile clinics, acquiring veterinary toolkits and rehabilitating nine veterinary clinics.

The projected significant increase in expenditure over the medium term in the *Animal Production and Health* subprogramme is due to additional funding of R492.3 million for Onderstepoort Biological Products to build and modernise vaccine production facilities and equipment. This project is in the design phase and a project manager has been appointed.

The significant increase in expenditure in the *Agricultural Research Council* subprogramme between 2010/11 and 2013/14 was due to the increase in transfers to the Agricultural Research Council to upgrade the foot and mouth vaccine facility. The significant growth in the subprogramme was also due to additional allocations of R77 million in 2012/13 and R128 million in 2013/14 for the economic competitiveness support package to fund research into crop production, production of animal vaccine, extension services and maintenance of the national genebank collections.

To give effect to Cabinet approved budget reductions, R120 million is to be cut over the medium term from transfers to the Agricultural Research Council and R48.1 million over the same period from expenditure on non-core goods and services items. Personnel in the programme have been encouraged to use video conferencing instead of travelling to meetings and limits have been placed on the number of delegates going on overseas trips.

The programme had 1 531 funded posts. At the end of November 2013, 1 339 of these posts were filled and 196 were vacant due to normal attrition and the length of time it takes to finalise the recruitment process. As these vacancies are progressively filled over the medium term, the number of personnel is expected to increase to 1 535 by 2016/17.

### Subprogramme: Plant Production and Health

This subprogramme focuses on increasing agricultural productivity with the emphasis on a sustainable plant production system, the efficient use of genetic resources for food and agriculture, and the management of risks associated with plant pests and diseases and genetically modified organisms. In 2012/13, the key focus was the African invader fruit fly. Ongoing surveillance has shown that the pest continues to be present in the Vhembe district in Limpopo, so host materials from this area have been subjected to official control. While pest incursions have also been recorded in other areas in Limpopo, Gauteng, North West, Mpumalanga and KwaZulu-Natal, these are being eradicated. Through the Ilima/Letsema programme, which was allocated R1.4 billion over the medium term, 96 042 producers were supported with production inputs in 2012/13. This subprogramme had a staff complement of 187 in 2013/14.

## Expenditure estimates

**Table 26.9 Plant Production and Health**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Current payments</b>	<b>55.1</b>	<b>60.3</b>	<b>65.2</b>	<b>60.6</b>	<b>3.2%</b>	<b>14.0%</b>	<b>70.3</b>	<b>75.2</b>	<b>78.7</b>	<b>9.1%</b>	<b>12.9%</b>
Compensation of employees	42.3	49.2	50.5	54.2	8.6%	11.4%	62.5	65.7	69.1	8.4%	11.4%
Goods and services	12.9	11.1	14.8	6.4	-20.9%	2.6%	7.8	9.5	9.6	14.5%	1.5%
of which:											
Administration fees	0.1	0.1	0.0	0.1	-22.0%	-	0.1	0.1	0.1	31.6%	-
Assets less than the capitalisation threshold	0.1	0.1	0.1	0.2	7.0%	-	0.6	0.5	0.6	55.2%	0.1%
Property payments	0.5	0.1	0.3	0.2	-25.1%	0.1%	0.0	0.0	0.0	-52.1%	-
Travel and subsistence	5.6	4.4	5.6	2.6	-22.3%	1.1%	2.9	3.0	2.9	4.0%	0.5%
<b>Transfers and subsidies</b>	<b>199.1</b>	<b>412.0</b>	<b>423.1</b>	<b>446.1</b>	<b>30.9%</b>	<b>85.8%</b>	<b>470.6</b>	<b>491.8</b>	<b>517.4</b>	<b>5.1%</b>	<b>87.1%</b>
Provinces and municipalities	192.5	405.0	415.8	438.5	31.6%	84.2%	460.6	481.8	507.4	5.0%	85.4%
Public corporations and private enterprises	-	0.1	-	-	-	-	-	-	-	-	-
Non-profit institutions	6.6	6.9	7.3	7.6	5.1%	1.6%	10.0	10.0	10.0	9.3%	1.7%
Households	0.0	0.0	0.1	0.0	132.1%	-	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>0.9</b>	<b>0.8</b>	<b>0.6</b>	<b>0.9</b>	<b>-1.5%</b>	<b>0.2%</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>-47.5%</b>	<b>0.1%</b>
Machinery and equipment	0.9	0.8	0.6	0.9	-1.5%	0.2%	0.1	0.1	0.1	-47.5%	0.1%
<b>Total</b>	<b>255.2</b>	<b>473.1</b>	<b>488.9</b>	<b>507.6</b>	<b>25.8%</b>	<b>100.0%</b>	<b>541.0</b>	<b>567.2</b>	<b>596.1</b>	<b>5.5%</b>	<b>100.0%</b>
Proportion of total subprogramme expenditure to programme expenditure	20.7%	28.8%	26.1%	24.9%			24.6%	25.2%	28.5%		

## Personnel information

**Table 26.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Plant Production and Health	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
Salary level	187	-	164	50.5	0.3	187	54.2	0.3	187	62.5	0.3	187	65.7	0.4	187	69.1	0.4	-	100.0%
1 - 6	69	-	65	7.8	0.1	69	9.3	0.1	69	10.6	0.2	69	11.2	0.2	69	11.8	0.2	-	36.9%
7 - 10	76	-	65	17.0	0.3	76	22.3	0.3	76	25.9	0.3	76	27.2	0.4	76	28.5	0.4	-	40.6%
11 - 12	38	-	31	21.9	0.7	38	19.4	0.5	38	22.3	0.6	38	23.5	0.6	38	24.7	0.7	-	20.3%
13 - 16	4	-	3	3.8	1.3	4	3.3	0.8	4	3.7	0.9	4	3.9	1.0	4	4.1	1.0	-	2.1%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on increasing support to smallholder farmers and producers through the Ilima/Letsema programme, to which R1.4 billion is allocated over the medium term. These plant production interventions aim to support all categories of farmers over the medium term, particularly those whose crops form part of the community value chains with high growth and labour absorbing potential, in contributing towards increasing the number of hectares under production from 105 040 in 2012/13 to 113 634 in 2016/17. Over the medium term, the Ilima/Letsema projects grants will also focus on addressing the challenges of low production levels and poor production yields of community based improvement schemes. These schemes are derived from the current plant improvement schemes under the Plant Improvement Act (1976) and continue to assist smallholder farmers to access high quality seeds and fruit tree propagating material.

The significant increase in expenditure on transfers and subsidies to provincial and local municipalities in 2011/12 was due to an additional allocation of R200 million to further strengthen Ilima/Letsema projects for poverty alleviation, food safety and job creation in rural areas. Since inception, the project has spent R1.5 billion to support over 600 000 smallholder farmers and is expected spend a further R1.5 billion over the medium term to support 490 000 additional farmers.

Spending on compensation of employees is projected to increase over the medium term due to improved conditions of service and the filling of the 25 posts that were vacant at the end of November 2013, when the subprogramme had a funded establishment of 187 posts. The vacancies were due to natural attrition and the scarcity of skilled personnel.

## **Programme 3: Food Security and Agrarian Reform**

### **Objectives**

- Enhance agricultural development by coordinating the comprehensive funding and technical support to 435 000 subsistence and 54 500 smallholder producers for food production by 2016/17.
- Provide leadership and support to research, training and extension in the agricultural sector by:
  - coordinating the provision of comprehensive training and extension support to targeted subsistence and smallholder farmers by 2016/17
  - transforming 12 provincial and rural agricultural colleges into agricultural training institutions by 2016/17.

### **Subprogrammes**

- *Management* oversees and manages the programme. This subprogramme had a staff complement of 3 in 2013/14.
- *Food Security* is discussed in more detail below.
- *Sector Capacity Development* facilitates the provision of education and training skills to promote the transformation of colleges of agriculture into centres of excellence. This entails developing, managing and coordinating the sector transformation plan in line with government objectives. In 2012/13, 26 905 smallholder producers were trained through a range of short training courses and 7 agricultural colleges were accredited by the Council on Higher Education. In addition, delivery units were established in Western Cape, Northern Cape and Limpopo to implement the resolutions of the national summit for vulnerable workers in agriculture, forestry and fisheries. In 2013/14, facilities and equipment were modernised and services were improved at six colleges, with plans for further improvement over the medium term. This subprogramme had a staff complement of 217 in 2013/14.
- *National Extension Support Services* develops national extension policies, norms and standards and provides strategic leadership and guidance for planning, coordinating and implementing extension and advisory services in the sector. In 2012/13, a draft national policy on extension and advisory services and the framework document for extension as a profession and a field of practice with clear registration categories of extension officers were developed. In addition, the extension recovery plan evaluation was conducted to determine whether the programme achieved its intended objectives between 2008 and 2011. Implementation of the extension recovery programme began in 2008/09. Since then, 1 300 extension personnel have been recruited. 50 more were recruited between 2010/11 and 2013/14, and 330 extension personnel upgraded their qualifications. Since the start of the programme, working tools, such as laptops, mobile phones and 3G cards, have been provided to extension officers. These enable them to access the extension online suite and the digital pen information systems and to provide an effective and efficient extension service to subsistence and smallholder farmers. By the end of September 2013, across all provinces, 25 extension personnel had been recruited, 1 947 units of ICT equipment had been procured, 566 personnel had received short course training, 480 personnel had been trained on extension suite online and 246 personnel had been registered at institutions of higher learning to upgrade their qualifications. This subprogramme had a staff complement of 15 in 2013/14.

## Expenditure estimates

Table 26.11 Food Security and Agrarian Reform

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Management	19.3	0.8	2.2	2.7	-48.3%	0.5%	2.8	2.9	3.1	4.9%	0.2%
Food Security	646.5	780.1	868.1	1 019.3	16.4%	62.4%	1 067.5	1 070.7	1 116.2	3.1%	62.9%
Sector Capacity Development	111.1	141.6	185.9	207.0	23.1%	12.2%	251.5	269.4	247.7	6.2%	14.4%
National Extension Support Services	273.9	329.1	349.0	370.4	10.6%	24.9%	389.3	375.8	401.7	2.7%	22.6%
<b>Total</b>	<b>1 050.9</b>	<b>1 251.6</b>	<b>1 405.2</b>	<b>1 599.3</b>	<b>15.0%</b>	<b>100.0%</b>	<b>1 711.1</b>	<b>1 718.8</b>	<b>1 768.7</b>	<b>3.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				1.6			2.4	(68.6)	(121.4)		

## Economic classification

<b>Current payments</b>	<b>170.4</b>	<b>151.3</b>	<b>183.1</b>	<b>228.2</b>	<b>10.2%</b>	<b>13.8%</b>	<b>274.3</b>	<b>284.0</b>	<b>262.9</b>	<b>4.8%</b>	<b>15.4%</b>
Compensation of employees	79.7	91.3	100.3	117.8	13.9%	7.3%	125.1	132.5	139.7	5.9%	7.6%
Goods and services	90.6	60.0	82.8	110.5	6.8%	6.5%	149.3	151.5	123.2	3.7%	7.9%
<i>of which:</i>											
Administration fees	0.1	0.1	0.1	0.6	78.6%	-	0.6	0.5	0.5	-5.7%	-
Assets less than the capitalisation threshold	0.2	0.2	0.7	42.0	452.3%	0.8%	59.8	63.8	29.9	-10.7%	2.9%
Property payments	0.6	0.4	0.3	0.5	-8.8%	-	0.4	0.4	0.4	-3.2%	-
Travel and subsistence	14.3	12.1	15.9	13.9	-1.0%	1.1%	14.7	10.7	11.8	-5.1%	0.8%
<b>Transfers and subsidies</b>	<b>844.0</b>	<b>1 060.0</b>	<b>1 160.2</b>	<b>1 333.3</b>	<b>16.5%</b>	<b>82.9%</b>	<b>1 396.2</b>	<b>1 393.0</b>	<b>1 461.9</b>	<b>3.1%</b>	<b>82.1%</b>
Provinces and municipalities	828.9	1 039.7	1 137.1	1 301.3	16.2%	81.2%	1 367.1	1 362.7	1 428.9	3.2%	80.3%
Departmental agencies and accounts	10.2	12.6	14.6	18.3	21.5%	1.1%	16.5	16.1	18.0	-0.7%	1.0%
Higher education institutions	-	0.1	0.7	3.6	-	0.1%	4.8	5.8	6.4	20.6%	0.3%
Public corporations and private enterprises	2.8	4.3	5.0	5.0	21.4%	0.3%	3.6	3.8	4.0	-7.1%	0.2%
Non-profit institutions	0.1	1.7	0.4	2.5	192.4%	0.1%	2.7	2.8	3.0	5.7%	0.2%
Households	1.9	1.6	2.5	2.5	9.7%	0.2%	1.6	1.7	1.7	-11.8%	0.1%
<b>Payments for capital assets</b>	<b>36.4</b>	<b>40.3</b>	<b>61.9</b>	<b>37.8</b>	<b>1.2%</b>	<b>3.3%</b>	<b>40.5</b>	<b>41.9</b>	<b>43.8</b>	<b>5.1%</b>	<b>2.4%</b>
Buildings and other fixed structures	34.6	36.0	54.1	32.7	-1.9%	3.0%	37.7	39.5	41.3	8.1%	2.2%
Machinery and equipment	1.8	4.2	7.8	5.1	41.7%	0.4%	2.8	2.4	2.6	-20.5%	0.2%
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 050.9</b>	<b>1 251.6</b>	<b>1 405.2</b>	<b>1 599.3</b>	<b>15.0%</b>	<b>100.0%</b>	<b>1 711.1</b>	<b>1 718.8</b>	<b>1 768.7</b>	<b>3.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>27.4%</b>	<b>25.5%</b>	<b>24.2%</b>	<b>25.9%</b>			<b>25.6%</b>	<b>26.0%</b>	<b>26.5%</b>		

## Details of selected transfers and subsidies

<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Current</b>	<b>828.7</b>	<b>1 039.4</b>	<b>1 136.8</b>	<b>1 301.1</b>	<b>16.2%</b>	<b>81.1%</b>	<b>1 366.8</b>	<b>1 362.5</b>	<b>1 428.7</b>	<b>3.2%</b>	<b>80.3%</b>
Comprehensive agricultural support programme grant: Infrastructure	554.8	680.5	762.1	905.7	17.8%	54.7%	949.6	949.2	988.9	3.0%	55.8%
Comprehensive agricultural support programme grant: Extension recovery plan	273.9	308.9	322.2	339.9	7.5%	23.5%	358.5	343.9	368.1	2.7%	20.7%
Comprehensive agricultural support programme grant: Colleges for infrastructure	-	50.0	52.5	55.4	-	3.0%	58.7	69.5	71.7	9.0%	3.8%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>10.2</b>	<b>12.6</b>	<b>14.6</b>	<b>18.3</b>	<b>21.5%</b>	<b>1.1%</b>	<b>16.5</b>	<b>16.1</b>	<b>18.0</b>	<b>-0.7%</b>	<b>1.0%</b>
Water Research Commission	-	-	-	3.0	-	0.1%	-	-	-	-100.0%	-
National Student Financial Aid Scheme	9.6	12.0	14.0	14.7	15.2%	0.9%	15.9	15.5	17.4	5.6%	0.9%
Perishable Products Export Control Board	0.6	0.6	0.6	0.6	-	-	0.6	0.6	0.6	-	-
<b>Higher education institutions</b>											
<b>Current</b>	<b>-</b>	<b>0.1</b>	<b>0.7</b>	<b>3.6</b>	<b>-</b>	<b>0.1%</b>	<b>4.8</b>	<b>5.8</b>	<b>6.4</b>	<b>20.6%</b>	<b>0.3%</b>
University of KwaZulu-Natal	-	0.1	0.7	0.6	-	-	0.8	0.8	0.9	11.3%	-
University of Fort Hare	-	-	-	3.0	-	0.1%	4.0	5.0	5.5	22.4%	0.3%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>2.8</b>	<b>4.3</b>	<b>5.0</b>	<b>5.0</b>	<b>21.6%</b>	<b>0.3%</b>	<b>3.6</b>	<b>3.8</b>	<b>4.0</b>	<b>-7.1%</b>	<b>0.2%</b>
Ncera Farms (Pty) Limited	2.8	4.3	5.0	5.0	21.6%	0.3%	3.6	3.8	4.0	-7.1%	0.2%

Table 26.11 Food Security and Agrarian Reform

R million	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Public corporations and private enterprises</b>											
<b>Non-profit institutions</b>											
<b>Current</b>	0.1	1.7	0.4	2.5	192.4%	0.1%	2.7	2.8	3.0	5.7%	0.2%
Colleges in the sector	-	1.7	0.4	2.5	-	0.1%	2.7	2.8	3.0	5.7%	0.2%
Cape Agency for Sustainable and Integrated Development in Rural Areas	0.1	-	-	-	-100.0%	-	-	-	-	-	-

## Personnel information

Table 26.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment														Number			
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%) 2013/14 - 2016/17	Salary level/total: Average (%)				
		2012/13		2013/14		2014/15		2015/16		2016/17									
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Food Security and Agrarian Reform</b>																			
<b>Salary level</b>	<b>474</b>	<b>242</b>	<b>427</b>	<b>100.3</b>	<b>0.2</b>	<b>476</b>	<b>117.8</b>	<b>0.2</b>	<b>476</b>	<b>125.1</b>	<b>0.3</b>	<b>476</b>	<b>132.5</b>	<b>0.3</b>	<b>476</b>	<b>139.7</b>	<b>0.3</b>	-	100.0%
1 – 6	272	232	263	28.5	0.1	270	35.1	0.1	270	37.3	0.1	270	39.3	0.1	270	41.4	0.2	-	56.7%
7 – 10	144	8	123	35.7	0.3	150	48.9	0.3	150	51.8	0.3	150	55.2	0.4	150	58.3	0.4	-	31.5%
11 – 12	44	-	31	23.1	0.7	42	21.5	0.5	42	22.8	0.5	42	24.1	0.6	42	25.4	0.6	-	8.8%
13 – 16	14	2	10	13.1	1.3	14	12.3	0.9	14	13.1	0.9	14	13.8	1.0	14	14.6	1.0	-	2.9%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing comprehensive agricultural support to 435 000 subsistence and 54 500 smallholder producers through the *Food Security* subprogramme, which is discussed in more detail in the section that follows. The focus will also be on enhancing yields and initiating reforms on underperforming farms by providing infrastructure development and extension services through the extension recovery plan of the comprehensive agricultural support programme grant in the *National Extension Support Services* subprogramme; and by upgrading and strengthening the 12 provincial and rural agricultural colleges through the *Sector Capacity Development* subprogramme.

Expenditure on transfers and subsidies from 2010/11 onwards increases significantly due to additional allocations for upgrading research infrastructure, facilities and equipment at the provincial and rural agricultural colleges and for increasing student intake. Expenditure in the *National Extension Support Services* subprogramme increased between 2010/11 and 2013/14 due to the introduction of the comprehensive agricultural support programme pillar to train and recruit provincial extension officers. The significant increase in expenditure on goods and services in 2013/14 was due to the once-off reclassification of funds from transfers to provincial and rural colleges to goods and services; and payments for capital assets, including computers, machinery and equipment and repairs and maintenance at colleges.

Spending is set to increase over the medium term due to improved conditions of service and in line with the expected increase in personnel from 419 to 476 as the department fills vacancies. The programme had 55 vacancies at the end of November 2013, mostly due to normal attrition and the length of time it takes to finalise the recruitment process. To give effect to Cabinet approved reductions, R187.6 million over the medium term is to be cut, mainly from the comprehensive agricultural support programme. The reductions have been made due to underspending.

### Subprogramme: Food Security

This subprogramme facilitates the provision of support to subsistence and smallholder producers, including technical infrastructure support services such as groundwater development and the establishment of foot and

mouth disease fences; and provides national frameworks to promote sustainable household and national food security. In 2013/14, Cabinet approved the food and nutrition security policy and the Fetsa Tlala integrated food production intervention. By putting at least 1 million hectares into production, the intervention seeks to unlock agricultural potential, especially in communal areas, in line with the national development plan. Over the medium term, 70 per cent, or R1.7 billion, of the comprehensive agricultural support programme allocation to the infrastructure pillar is reprioritised to support the Fetsa Tlala food production programmes. In 2012/13, 15 043 smallholder producers were established and the integrated food security and nutrition production intervention was piloted in provinces to deal with the scourge of food insecurity, especially access to food at the household level. Over 39 225 hectares of land were put into production through the initiative and 139 671 subsistence and smallholder producers were supported through various programmes and support packages in 2012/13. By the end of September 2013, approximately 59 583 subsistence and smallholder producers had benefited from these support packages. The subprogramme had 212 filled posts and 29 vacancies as at 30 November 2013.

## Expenditure estimates

**Table 26.13 Food Security**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Current payments</b>	<b>52.3</b>	<b>55.2</b>	<b>67.4</b>	<b>67.2</b>	<b>8.7%</b>	<b>7.3%</b>	<b>69.9</b>	<b>70.4</b>	<b>73.7</b>	<b>3.1%</b>	<b>6.6%</b>
Compensation of employees	31.0	34.9	36.8	48.4	16.0%	4.6%	49.3	51.2	54.3	3.9%	4.8%
Goods and services	21.3	20.3	30.7	18.8	-4.1%	2.7%	20.6	19.2	19.4	1.0%	1.8%
<b>Transfers and subsidies</b>	<b>558.1</b>	<b>685.3</b>	<b>768.2</b>	<b>917.7</b>	<b>18.0%</b>	<b>88.4%</b>	<b>958.3</b>	<b>959.1</b>	<b>999.5</b>	<b>2.9%</b>	<b>89.7%</b>
Provinces and municipalities	555.0	680.7	762.3	906.0	17.7%	87.6%	949.8	949.4	989.1	3.0%	88.8%
Departmental agencies and accounts	–	–	–	3.0	–	0.1%	–	–	–	-100.0%	0.1%
Higher education institutions	–	0.1	0.7	3.6	–	0.1%	4.8	5.8	6.4	20.6%	0.5%
Public corporations and private enterprises	2.8	4.3	5.0	5.0	21.4%	0.5%	3.6	3.8	4.0	-7.1%	0.4%
Non-profit institutions	0.1	–	–	–	-100.0%	–	–	–	–	–	–
Households	0.2	0.2	0.3	0.1	-21.8%	–	0.1	0.1	0.1	–	–
<b>Payments for capital assets</b>	<b>36.0</b>	<b>39.6</b>	<b>32.5</b>	<b>34.4</b>	<b>-1.6%</b>	<b>4.3%</b>	<b>39.4</b>	<b>41.1</b>	<b>43.0</b>	<b>7.7%</b>	<b>3.7%</b>
Buildings and other fixed structures	34.6	36.0	31.7	32.7	-1.9%	4.1%	37.7	39.5	41.3	8.1%	3.5%
Machinery and equipment	1.4	3.5	0.8	1.7	5.7%	0.2%	1.7	1.7	1.7	0.3%	0.2%
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>646.5</b>	<b>780.1</b>	<b>868.1</b>	<b>1 019.3</b>	<b>16.4%</b>	<b>100.0%</b>	<b>1 067.5</b>	<b>1 070.7</b>	<b>1 116.2</b>	<b>3.1%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>61.5%</b>	<b>62.3%</b>	<b>61.8%</b>	<b>63.7%</b>			<b>62.4%</b>	<b>62.3%</b>	<b>63.1%</b>		

## Personnel information

**Table 26.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014			Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
<b>Food Security</b>																			
<b>Salary level</b>	<b>244</b>	<b>6</b>	<b>214</b>	<b>36.8</b>	<b>0.2</b>	<b>241</b>	<b>48.4</b>	<b>0.2</b>	<b>241</b>	<b>49.3</b>	<b>0.20</b>	<b>241</b>	<b>51.2</b>	<b>0.2</b>	<b>241</b>	<b>54.3</b>	<b>0.2</b>	<b>–</b>	<b>100.0%</b>
1 – 6	136	–	129	11.8	0.1	132	13.7	0.1	132	14.0	0.11	132	14.5	0.1	132	15.3	0.1	–	54.8%
7 – 10	88	–	77	18.2	0.2	88	23.0	0.3	88	23.4	0.27	88	24.2	0.3	88	25.9	0.3	–	36.5%
11 – 12	16	6	5	3.3	0.7	16	7.7	0.5	16	7.9	0.49	16	8.3	0.5	16	8.8	0.6	–	6.6%
13 – 16	4	–	3	3.5	1.2	5	3.9	0.8	5	4.0	0.80	5	4.2	0.9	5	4.5	0.9	–	2.1%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on achieving food security by providing comprehensive production, equipment and management support to approximately 489 500 producers through various intervention programmes that provide assistance to subsistence and smallholder producers and processors. This

will include the implementation of the Fetsa Tlala integrated food production intervention, which seeks to unlock agricultural potential, especially in communal areas, in line with the goals of the national development plan. This will be realised by providing support to subsistence and smallholder producers to put at least 329 008 hectares of underused land back into production over the medium term. Due to resource limitations, 70 per cent, or R1.7 billion, of the allocation to the comprehensive agricultural support programme's infrastructure pillar has been reprioritised to support the Fetsa Tlala food production programme. As part of the agricultural modernisation policy, resources will also be expended on providing farmers with demonstrations of the use of new and complex farming machinery and equipment.

Spending on compensation of employees is projected to increase over the medium term, mainly due to improved conditions of service. The number of personnel is expected to increase as the department fills the 29 posts vacant at the end of November 2013. This is expected to increase the staff complement to 241 in 2016/17. The vacancies were due to natural attrition, the scarcity of skilled personnel and delays in obtaining security clearances and verifying qualifications.

## Programme 4: Trade Promotion and Market Access

### Objectives

- Coordinate government food security initiatives by:
  - increasing international market access and trade for agricultural, forestry and fisheries products by conducting trade negotiations on an ongoing basis
  - providing marketing and enterprise development and support measures to agricultural, forestry and fisheries producers and entrepreneurs across the value chains of the industries on an ongoing basis, in order to improve the efficiency of producers in the agricultural, forestry and fisheries sectors over the medium term
  - ensuring the establishment of 9 commodity based cooperatives to support the products of smallholder farmers in accessing markets by 2016/17
  - expanding the implementation of the agriculture and forestry transformation charters to increase the equity ownership share of historically disadvantaged groups in the value chains of agriculture, forestry and fisheries industries over the medium term.

### Subprogrammes

- *Management* oversees and manages the programme. This subprogramme had a staff complement of 3 in 2013/14.
- *International Relations and Trade* facilitates, coordinates and supports international relations, and creates an enabling environment for enhancing regional integration and access to regional and international markets for agriculture, forestry and fisheries products. In 2012/13, trade negotiations, particularly with the World Trade Organisation and South African Customs Union, were held with a view to increasing market access for agriculture, forestry and fishery products. In 2013/14, bilateral meetings with Botswana, Tanzania, Namibia and Mozambique to implement agreements were held and implementation plans were reviewed. In addition, the Food and Agricultural Organisation implemented food security projects in Limpopo and KwaZulu-Natal and 18 masters students were sent to study in universities in China. The South Africa-Japan smallholder empowerment and promotion pilot project was also launched. Six provincial consultations on the implementation of the comprehensive African agricultural development programme had been conducted and a budget tracking exercise to calculate the percentage of the budget that goes towards agriculture had been initiated by the end of September 2013. This subprogramme had a staff complement of 82 in 2013/14.
- *Cooperatives and Rural Enterprise Development* provides leadership and support in the implementation of programmes and initiatives to ensure the promotion and participation of emerging businesses in the agriculture, forestry and fisheries sectors. In 2012/13, the AgriBEE Sector Charter was gazetted as Section 9(1) in terms of the Broad-Based Black Economic Empowerment Act (2003). The AgriBEE Fund was re-launched after its funds had been frozen and re-allocated to the Land and Agricultural Development Bank of South Africa. The fund has been expanded to include the forestry and fisheries sectors to support government undertakings to the sector codes under the ownership and management control elements of the AgriBEE

scorecards. The organisation and capacitation of cooperatives will continue over the medium term. This subprogramme had a staff complement of 53 in 2013/14.

- *Agro-processing and Marketing* provides support measures aimed at increasing the access of producers to markets, and small and medium size entrepreneurs in the agriculture, forestry and fisheries sectors to agro-processing opportunities. The subprogramme also makes transfers to the National Agricultural Marketing Council. In 2012/13 and 2013/14, marketing information was provided to producers through a dedicated website and the Agriculture Produce Agents Act (1992), now ready for certification by state law advisors, was reviewed; marketing skills were provided to smallholder producers; and the value chain round table tool, as a mechanism to coordinate the value chain activities from production to trade of industries so as to improve their efficiency and competitiveness, was institutionalised and implemented. This subprogramme had a staff complement of 32 in 2013/14.

## Expenditure estimates

**Table 26.15 Trade Promotion and Market Access**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Management	1.3	1.8	1.8	2.7	28.2%	0.9%	2.8	2.9	3.1	4.8%	1.0%
International Relations and Trade	85.4	89.8	103.6	123.9	13.2%	50.0%	117.2	115.5	121.1	-0.8%	43.0%
Cooperatives and Rural Enterprise Development	17.5	50.4	61.5	63.1	53.5%	23.9%	118.0	70.0	123.7	25.1%	33.8%
Agro-processing and Marketing	41.2	48.1	45.3	68.5	18.5%	25.2%	56.3	59.1	62.2	-3.2%	22.2%
<b>Total</b>	<b>145.3</b>	<b>190.2</b>	<b>212.2</b>	<b>258.2</b>	<b>21.1%</b>	<b>100.0%</b>	<b>294.2</b>	<b>247.5</b>	<b>309.9</b>	<b>6.3%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				26.6			58.2	3.6	48.4		

### Economic classification

<b>Current payments</b>	<b>83.6</b>	<b>90.9</b>	<b>113.1</b>	<b>138.8</b>	<b>18.4%</b>	<b>52.9%</b>	<b>132.2</b>	<b>139.6</b>	<b>147.3</b>	<b>2.0%</b>	<b>50.3%</b>
Compensation of employees	48.7	58.5	67.5	81.0	18.5%	31.7%	88.5	93.6	98.1	6.6%	32.5%
Goods and services	34.9	32.4	45.7	57.8	18.3%	21.2%	43.7	46.0	49.2	-5.2%	17.7%
<i>of which:</i>											
Administration fees	0.2	0.1	0.2	0.8	72.1%	0.2%	1.0	1.1	1.1	11.0%	0.4%
Assets less than the capitalisation threshold	0.2	0.1	0.2	0.3	18.3%	0.1%	0.2	0.2	0.3	-9.3%	0.1%
Property payments	0.0	0.0	0.0	0.0	-5.9%	-	0.0	0.0	0.0	-12.6%	-
Travel and subsistence	10.9	8.2	11.9	11.3	1.3%	5.3%	10.8	11.0	12.3	2.9%	4.1%
<b>Transfers and subsidies</b>	<b>60.9</b>	<b>98.2</b>	<b>98.0</b>	<b>118.6</b>	<b>24.9%</b>	<b>46.6%</b>	<b>161.6</b>	<b>107.6</b>	<b>162.3</b>	<b>11.0%</b>	<b>49.6%</b>
Provinces and municipalities	0.1	0.0	0.0	0.0	-53.7%	-	0.0	0.0	0.0	30.1%	-
Departmental agencies and accounts	31.2	36.0	31.4	35.8	4.7%	16.7%	37.8	37.9	39.9	3.7%	13.6%
Foreign governments and international organisations	29.6	31.9	32.0	45.9	15.7%	17.3%	34.7	28.9	30.0	-13.2%	12.6%
Public corporations and private enterprises	0.0	30.0	34.5	36.9	3228.6%	12.6%	89.1	40.7	92.4	35.8%	23.3%
Households	0.0	0.2	0.1	0.0	-12.6%	-	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>0.8</b>	<b>1.0</b>	<b>1.0</b>	<b>0.8</b>	<b>1.1%</b>	<b>0.5%</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>-24.5%</b>	<b>0.2%</b>
Machinery and equipment	0.8	1.0	1.0	0.8	-0.2%	0.4%	0.4	0.3	0.3	-25.4%	0.2%
<b>Total</b>	<b>145.3</b>	<b>190.2</b>	<b>212.2</b>	<b>258.2</b>	<b>21.1%</b>	<b>100.0%</b>	<b>294.2</b>	<b>247.5</b>	<b>309.9</b>	<b>6.3%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>3.8%</b>	<b>3.9%</b>	<b>3.6%</b>	<b>4.2%</b>			<b>4.4%</b>	<b>3.7%</b>	<b>4.6%</b>		

Table 26.15 Trade Promotion and Market Access

Details of selected transfers and subsidies				Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
Audited outcome			2013/14				2010/11 - 2013/14		2014/15		
R million	2010/11	2011/12		2012/13							
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>31.2</b>	<b>36.0</b>	<b>31.4</b>	<b>35.8</b>	<b>4.7%</b>	<b>16.7%</b>	<b>37.8</b>	<b>37.9</b>	<b>39.9</b>	<b>3.7%</b>	<b>13.6%</b>
National Agricultural Marketing Council	31.2	36.0	31.4	33.8	2.7%	16.4%	36.0	37.9	39.9	5.7%	13.3%
Small Enterprise Development Agency	-	-	-	2.0	-	0.2%	1.8	-	-	-100.0%	0.3%
<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>29.6</b>	<b>31.9</b>	<b>32.0</b>	<b>45.9</b>	<b>15.7%</b>	<b>17.3%</b>	<b>34.7</b>	<b>28.9</b>	<b>30.0</b>	<b>-13.2%</b>	<b>12.6%</b>
Consultative Group on International Agricultural Research	3.6	3.4	4.5	4.0	3.3%	1.9%	6.4	5.0	5.0	7.8%	1.8%
International Union for the Protection of New Varieties of Plants	0.4	0.4	0.5	0.6	16.1%	0.2%	0.5	0.5	0.5	-3.6%	0.2%
Commonwealth Agricultural Bureau International	-	0.1	0.2	0.4	-	0.1%	0.2	0.2	0.2	-19.6%	0.1%
International Commission of Agricultural Engineering	-	-	0.1	0.1	-	-	0.1	0.1	0.1	3.2%	-
Food and Agriculture Organisation of the United Nations	23.6	23.7	14.8	20.1	-5.2%	10.2%	19.0	20.0	21.0	1.5%	7.2%
Foreign rates and taxes	0.1	0.1	0.1	0.2	3.3%	0.1%	0.6	0.6	0.6	56.0%	0.2%
International Fund for Agricultural Development	-	2.8	-	3.0	-	0.7%	2.0	-	-	-100.0%	0.5%
International Cotton Advisory Council	0.1	0.1	0.2	0.4	43.1%	0.1%	0.2	0.2	0.2	-19.9%	0.1%
International Dairy Federation	0.1	0.1	0.1	0.1	-	-	0.1	0.1	0.1	-	-
International Grains Council	0.1	0.1	0.2	0.2	8.3%	0.1%	0.2	0.2	0.2	5.5%	0.1%
International Seed Testing Association	0.0	0.1	0.1	0.1	21.4%	-	0.1	0.1	0.1	4.2%	-
International Organisation of Vine and Wine	0.5	0.6	0.6	0.6	7.5%	0.3%	0.6	0.7	0.7	5.3%	0.2%
World Organisation for Animal Health	0.8	0.0	2.0	1.0	7.1%	0.5%	1.2	1.2	1.2	7.0%	0.4%
Organisation for Economic Cooperation and Development	0.3	0.4	0.1	0.1	-39.1%	0.1%	0.1	0.1	0.1	5.9%	-
Centre for Coordination of Agricultural Research and Development for Southern Africa	-	-	-	3.0	-	0.4%	-	-	-	-100.0%	0.3%
Food and Agriculture Organisation of the United Nations - World Forest Congress	-	-	8.8	10.3	-	2.4%	3.4	-	-	-100.0%	1.2%
Food and Agriculture Organisation of the United Nations -African Solidarity Trust Fund	-	-	-	2.0	-	0.2%	-	-	-	-100.0%	0.2%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>-</b>	<b>30.0</b>	<b>34.3</b>	<b>36.9</b>	<b>-</b>	<b>12.6%</b>	<b>89.1</b>	<b>40.7</b>	<b>92.4</b>	<b>35.8%</b>	<b>23.3%</b>
Forest Sector Charter Council	-	-	3.2	3.5	-	0.8%	3.7	3.9	4.2	5.7%	1.4%
Land and Agricultural Development Bank of South Africa	-	30.0	31.1	33.3	-	11.7%	85.3	36.8	88.2	38.3%	22.0%

## Personnel information

Table 26.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Trade Promotion and Market Access</b>																			
<b>Salary level</b>	<b>170</b>	<b>-</b>	<b>145</b>	<b>67.5</b>	<b>0.5</b>	<b>170</b>	<b>81.0</b>	<b>0.5</b>	<b>170</b>	<b>88.5</b>	<b>0.5</b>	<b>170</b>	<b>93.6</b>	<b>0.6</b>	<b>170</b>	<b>98.1</b>	<b>0.6</b>	<b>-</b>	<b>100.0%</b>
1 - 6	31	-	27	4.1	0.2	31	5.8	0.2	31	6.1	0.2	31	6.5	0.2	31	6.8	0.2	-	18.2%
7 - 10	93	-	78	26.6	0.3	93	36.4	0.4	93	38.7	0.4	93	40.8	0.4	93	42.9	0.5	-	54.7%
11 - 12	34	-	30	23.6	0.8	34	21.6	0.6	34	23.0	0.7	34	24.2	0.7	34	25.5	0.7	-	20.0%
13 - 16	12	-	10	13.1	1.3	12	11.9	1.0	12	12.7	1.1	12	13.4	1.1	12	14.1	1.2	-	7.1%
Other	-	-	-	-	-	-	5.4	-	-	8.1	-	-	8.8	-	-	8.8	-	-	-

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

<sup>2</sup>. Rand million.

## Expenditure trends

The spending focus over the medium term will be on enhancing market access and trade for agricultural, forestry and fisheries products by extending trade, marketing and enterprise development support measures to producers and entrepreneurs across the industries' value chains; and ensuring the establishment of and providing support to commodity groups and cooperatives. This will be done through funding the activities of the Land and Agricultural Development Bank of South Africa and the National Agricultural Marketing Council. An additional R50 million in 2014/15 and R50 million in 2016/17 is allocated to the Land and Agricultural Bank of South Africa for the retail emerging markets implementation model, which seeks to assist black emerging farmers to become established retail farmers through the provision of tailored financing solutions.

The allocation to the *Agro Processing and Marketing* subprogramme over the medium term is expected to provide 300 farmers with training on the basics of marketing and marketing information through a specially designed website and mobile phones. A certification programme will also be rolled out in partnership with the Perishable Products Export Control Board to ensure that fruit and vegetables produced by smallholder farmers and agro-processors meet food safety and quality requirements. In addition, R83 million over the medium term will be spent on facilitating bilateral and multilateral forums in pursuit of the goal of negotiating market access for agricultural, forestry and fisheries products, and fostering and maintaining good international relations.

The expenditure growth in the *Cooperatives and Rural Enterprise Development* subprogramme between 2010/11 and 2013/14 was due to the reinstatement of the agricultural broad-based black economic empowerment programme in 2011/12. The purpose of the programme is to support black emerging farmers to enter the commercial agriculture sector and to ensure that smallholder farmers' products access markets by 2016/17.

Over the medium term, spending on compensation of employees is projected to increase due to improved conditions of service. At the end of November 2013, there were 170 funded posts, of which 25 were vacant due to normal attrition and the length of time it takes to finalise the recruitment process.

## Programme 5: Forestry

### Objectives

- Contribute to improvement of food security and sustainable agrarian transformation by:
  - supporting 1 400 small scale forestry growers per year with training, technical and funding support, meaning that 4 200 smallholders will have been supported by 2016/17
  - rehabilitating 750 hectares of smallholder government irrigation schemes by 2016/17.
- Provide forestry livelihoods to rural communities by contributing tree saplings for general greening and fruit trees to communities to the value of R4.5 million per year until 2016/17.
- Ensure conservation, protection, rehabilitation and recovery of natural resources and sustainable practices within the agricultural and forest ecosystem by:
  - managing and protecting 61 000 hectares per year of plantation land from fires, pests and diseases, accumulating to management and protection of 183 000 hectares by 2016/17
  - planting 2 300 hectares per year of temporarily unplanted areas of the department's plantations
  - rehabilitating 1 500 hectares of state indigenous forests over the medium term
  - rehabilitating 90 000 hectares of land through the LandCare programme over the medium term.
- Ensure adaptation of the sector to climate change by implementing effective climate change adaptation programmes, conducting awareness campaigns, and providing training to small tree growers by 2016/17.

### Subprogrammes

- *Management* oversees and manages the programme. This subprogramme had a staff complement of 3 in 2013/14.
- *Forestry Operations* ensures sustainable management of state forests and other assets such as state nurseries, in order to optimise social and economic benefits in rural areas and to promote sector growth throughout South Africa. In 2012/13, 1 361 small scale growers were trained as part of the capacity development plan;

1 985 silvicultural (weeding, pruning, coppice reduction and planting) jobs were created in category B and C plantations (typically plantations that are small, in poor condition, often government- or municipality owned, and in need of rehabilitation); and 61 000 hectares of plantations were protected by trained fire teams and forest patrols. In addition, 62 117 indigenous and fruit trees were distributed and planted in identified communities. In 2013/14, 1 096 small scale growers were assisted with technical advice and, by the end of September 2013, 293 silvicultural jobs had been created on category B and C plantations. In addition, 7 831 indigenous and fruit trees had been distributed and planted in identified communities. This subprogramme had a staff complement of 2 326 as at 30 November 2013.

- *Forestry Oversight and Regulation* provides leadership, advice and direction in the formulation of forestry development and regulation policies, strategies and frameworks and ensures the effective promotion and development of small scale and commercial forestry. A growth strategy aimed at refurbishing the 60 000 hectares of departmental plantations has been developed and 4 plantations have been targeted for Forest Stewardship Council certification, an international standard that assures that forests are managed sustainably. The outcome of an audit in KwaZulu-Natal revealed that the performance of Hlokozi plantation on the certification increased from 63 per cent in 2011/12 to 80 per cent in 2012/13. In 2013/14, 17 new fire protection associations covering 4.8 million hectares were registered, which brought the total number of fire protection associations in the country to 235, covering a space of almost 60 million hectares. This further promotes the protection of natural resources including land earmarked for food security. Furthermore, best practice guidelines focusing on the growers, sawmilling, honey production and charcoal production sub sectors have been developed to assist small, medium and micro enterprises (SMME). About 20 forestry advisors will be trained to provide extension services to SMMEs over the medium term. This subprogramme had a staff complement of 71 in 2013/14.
- *Natural Resources Management* facilitates the development of infrastructure and the sustainable use of natural resources through an enabling framework for the sustainable management of woodlands and indigenous forests, the efficient development and revitalisation of irrigation schemes and water use. The subprogramme also facilitates climate change mitigation and adaptation, risk and disaster management as well as promoting, regulating and coordinating the sustainable use of natural resources (land and water). In 2012/13, monthly advisories and daily warnings of extreme conditions for disaster risk mitigation and prevention were issued and weather and climate information reading seminars were conducted for farmers in Free State, North West and KwaZulu-Natal. In 2012/13, the department implemented measures for the prevention and mitigation of disaster risks that included research, awareness, capacity building, the construction of fire breaks and the prevention of the spread of pests and diseases in terms of the Agricultural Pests Act (1983). In addition, 500 hectares of indigenous state forests were rehabilitated. By September 2013, 396.2 hectares had been rehabilitated. In 2012/13, 155 hectares in the Makathini irrigation scheme were revitalised and by September 2013, 95 hectares had been revitalised in the Vaalharts irrigation scheme. Through the national LandCare programme, 22 459 hectares of land were rehabilitated in 2013/14 and 606 full time jobs were created through the expanded public works programme. This subprogramme had a staff complement of 732 in 2013/14.

## Expenditure estimates

Table 26.17 Forestry

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Management	4.1	4.7	2.0	3.0	-9.8%	0.3%	6.6	6.9	4.4	13.4%	0.4%
Forestry Operations	371.7	404.3	429.4	465.4	7.8%	42.6%	485.2	509.8	537.7	4.9%	39.5%
Forestry Oversight and Regulation	44.2	38.1	46.2	55.4	7.8%	4.7%	59.0	60.6	63.8	4.9%	4.7%
Natural Resources Management	241.5	437.7	714.2	659.8	39.8%	52.4%	814.2	656.1	673.4	0.7%	55.4%
<b>Total</b>	<b>661.5</b>	<b>884.7</b>	<b>1 191.8</b>	<b>1 183.6</b>	<b>21.4%</b>	<b>100.0%</b>	<b>1 364.9</b>	<b>1 233.4</b>	<b>1 279.3</b>	<b>2.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(0.9)			179.0	(13.1)	(24.4)		

## Economic classification

<b>Current payments</b>	<b>518.9</b>	<b>581.3</b>	<b>591.9</b>	<b>690.2</b>	<b>10.0%</b>	<b>60.7%</b>	<b>737.8</b>	<b>773.4</b>	<b>820.1</b>	<b>5.9%</b>	<b>59.7%</b>
Compensation of employees	407.7	433.8	455.6	510.2	7.8%	46.1%	529.0	555.2	591.7	5.1%	43.2%
Goods and services	110.3	147.3	135.5	178.9	17.5%	14.6%	207.6	216.9	227.1	8.3%	16.4%
<i>of which:</i>											
Administration fees	0.6	0.6	0.4	1.2	29.4%	0.1%	1.7	1.9	2.0	17.0%	0.1%
Assets less than the capitalisation threshold	1.1	0.7	0.7	5.6	70.9%	0.2%	6.9	7.4	7.6	10.4%	0.5%
Property payments	4.3	5.1	8.9	14.6	50.5%	0.8%	10.2	10.0	10.5	-10.4%	0.9%
Travel and subsistence	45.1	45.1	46.3	34.7	-8.4%	4.4%	34.4	33.5	32.0	-2.6%	2.7%
Interest and rent on land	0.9	0.2	0.9	1.2	10.1%	0.1%	1.2	1.2	1.3	3.6%	0.1%
<b>Transfers and subsidies</b>	<b>110.1</b>	<b>252.3</b>	<b>540.5</b>	<b>430.5</b>	<b>57.6%</b>	<b>34.0%</b>	<b>582.2</b>	<b>413.8</b>	<b>411.7</b>	<b>-1.5%</b>	<b>36.3%</b>
Provinces and municipalities	104.6	207.5	509.8	412.9	58.1%	31.5%	562.3	394.5	400.8	-1.0%	35.0%
Departmental agencies and accounts	-	-	3.0	3.0	-	0.2%	3.0	3.0	3.0	-	0.2%
Higher education institutions	-	-	4.0	2.2	-	0.2%	2.3	2.5	2.6	6.0%	0.2%
Public corporations and private enterprises	1.5	3.1	0.1	-	-100.0%	0.1%	-	-	-	-	-
Non-profit institutions	-	3.4	3.5	10.2	-	0.4%	14.3	13.6	5.1	-20.6%	0.9%
Households	4.0	38.3	20.1	2.2	-17.9%	1.6%	0.3	0.3	0.3	-49.3%	0.1%
<b>Payments for capital assets</b>	<b>32.6</b>	<b>51.1</b>	<b>59.3</b>	<b>62.9</b>	<b>24.5%</b>	<b>5.2%</b>	<b>44.9</b>	<b>46.2</b>	<b>47.5</b>	<b>-8.9%</b>	<b>4.0%</b>
Buildings and other fixed structures	-	2.4	0.1	0.0	-	0.1%	-	-	-	-100.0%	-
Machinery and equipment	32.6	48.7	59.1	62.3	24.2%	5.2%	44.2	45.4	46.6	-9.2%	3.9%
Biological assets	-	-	-	0.5	-	-	0.8	0.8	0.9	20.3%	0.1%
<b>Payments for financial assets</b>	<b>-</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>661.5</b>	<b>884.7</b>	<b>1 191.8</b>	<b>1 183.6</b>	<b>21.4%</b>	<b>100.0%</b>	<b>1 364.9</b>	<b>1 233.4</b>	<b>1 279.3</b>	<b>2.6%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>17.3%</b>	<b>18.0%</b>	<b>20.5%</b>	<b>19.1%</b>			<b>20.4%</b>	<b>18.6%</b>	<b>19.2%</b>		

## Details of selected transfers and subsidies

<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Current</b>	<b>104.5</b>	<b>207.3</b>	<b>509.8</b>	<b>412.3</b>	<b>58.0%</b>	<b>31.5%</b>	<b>561.6</b>	<b>393.7</b>	<b>400.0</b>	<b>-1.0%</b>	<b>34.9%</b>
Land care programme grant: Poverty relief and infrastructure development	54.5	57.8	111.6	109.0	26.0%	8.5%	67.8	68.2	71.5	-13.1%	6.3%
Comprehensive agricultural support programme grant: Agricultural disaster management grant	50.0	149.6	-	-	-100.0%	5.1%	-	-	-	-	-
Comprehensive agricultural support programme grant: Disasters: Flood damaged infrastructure	-	-	398.2	303.3	-	17.9%	493.8	325.6	328.5	2.7%	28.7%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>3.0</b>	<b>3.0</b>	<b>-</b>	<b>0.2%</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>-</b>	<b>0.2%</b>
Water Research Commission	-	-	3.0	3.0	-	0.2%	3.0	3.0	3.0	-	0.2%
<b>Higher education institutions</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>4.0</b>	<b>2.2</b>	<b>-</b>	<b>0.2%</b>	<b>2.3</b>	<b>2.5</b>	<b>2.6</b>	<b>6.0%</b>	<b>0.2%</b>
University of Pretoria	-	-	4.0	2.2	-	0.2%	2.3	2.5	2.6	6.0%	0.2%
<b>Non-profit institutions</b>											
<b>Current</b>	<b>-</b>	<b>3.4</b>	<b>3.5</b>	<b>10.2</b>	<b>-</b>	<b>0.4%</b>	<b>14.3</b>	<b>13.6</b>	<b>5.1</b>	<b>-20.6%</b>	<b>0.9%</b>
International Wildland Fire Conference	-	0.1	-	-	-	-	-	-	-	-	-
Forestry South Africa	-	3.2	3.5	5.8	-	0.3%	6.0	4.4	4.7	-6.8%	0.4%
Food and Trees for Africa	-	-	-	0.3	-	-	0.4	0.4	0.4	10.1%	-
Lima Rural Development Foundation	-	-	-	4.1	-	0.1%	7.8	8.8	-	-100.0%	0.4%
Centre for International Forestry Research	-	0.1	-	-	-	-	-	-	-	-	-

Table 26.17 Forestry

Details of selected transfers and subsidies	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Households											
Other transfers to households											
Current	0.5	32.9	13.8	-	-100.0%	1.2%	-	-	-	-	-
Claims against the state	0.5	0.0	0.0	-	-100.0%	-	-	-	-	-	-
Avian influenza	-	32.9	13.8	-	-	1.2%	-	-	-	-	-

## Personnel information

Table 26.18 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Forestry	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%) 2013/14 - 2016/17	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
Salary level	3 166	23	2 771	455.6	0.2	3 132	510.2	0.2	3 132	529.0	0.2	3 132	555.2	0.2	3 132	591.7	0.2	-	100.0%
1 - 6	2 628	20	2 323	260.6	0.1	2 591	314.6	0.1	2 591	322.9	0.1	2 591	337.9	0.1	2 591	360.8	0.1	-	82.7%
7 - 10	453	-	373	126.9	0.3	457	146.7	0.3	457	154.1	0.3	457	162.4	0.4	457	173.1	0.4	-	14.6%
11 - 12	70	1	60	48.2	0.8	69	36.5	0.5	69	38.8	0.6	69	40.9	0.6	69	43.1	0.6	-	2.2%
13 - 16	15	2	15	20.0	1.3	15	12.4	0.8	15	13.2	0.9	15	13.9	0.9	15	14.7	1.0	-	0.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on enhancing South Africa's commercial and indigenous forests by managing state forests and other assets in a sustainable way through the *Forestry Operations* subprogramme, and implementing the LandCare programme in the *Natural Resource Management* subprogramme. This is expected to create 2 700 full time jobs through various LandCare projects over the medium term, rehabilitate flood damaged infrastructure, and prevent and mitigate disaster risks. A national integrated forest protection strategy has been developed to prevent and mitigate losses from fires, which have had a significant impact on fibre and food security. R4.9 million was spent in 2013/14 in the *Forestry Oversight and Regulation* subprogramme to implement the strategy. This spending is also expected to rehabilitate 2 300 hectares of state owned plantations to temporary unplanted areas each year over the medium term, which is set to result in the creation of 7 200 jobs over this period. The implementation of the flood assistance scheme has begun in the 6 provinces affected by floods, with an additional R209 million allocated in transfers to provinces and municipalities in the *Natural Resources Management* subprogramme over the medium term.

To support the protection of environmental assets, the *Forestry Operation subprogramme* invested an estimated R8 million in greening initiatives. In addition, Eastern Cape was prioritised for the expansion of community owned forests through afforestation with the department assisting communities to obtain afforestation licences, which are critical to advancing previously disadvantaged communities' participation in industrial forestry. In 2013/14, R4.2 million was spent on environmental impact assessments of 13 000 hectares of community based plantation.

The increase in expenditure on consultants, agency support and outsourced services over the medium term is for third party audits of biological assets, the disaster risk management information system and specialised skills as the programme has difficulty in recruiting skilled personnel. This is the main cause of the 411 vacant posts in the programme at the end of November 2013.

To give effect to Cabinet approved budget reductions, R13.5 million over the medium term is to be reduced in expenditure on travel and subsistence. The reduction is not expected to have an adverse effect on service delivery, as personnel in the programme have been encouraged to use video conferencing instead of travelling to meetings and limits have been placed on the number of delegates going on overseas trips.

## Programme 6: Fisheries

### Objectives

- Promote the conservation and sustainable use of marine resources and the recovery of depleted fish stocks by:
  - implementing the stock recovery strategy for hake, abalone, West Coast rock lobster and line fish by 2016/17
  - conducting annual fishery specific research to inform the setting of total allowable catches and total allowable efforts in 22 fishing sectors per year until 2016/17
  - implementing the small scale fisheries policy by 2014/15.
- Grow the fisheries sector by broadening the scope of the aquaculture sub-sector through the implementation of the national aquaculture strategic framework by 2013/14 and providing support to 40 fish farms by 2016/17.
- Improve compliance with and enforcement of the Marine Living Resources Act (1998) through implementing the integrated fisheries security strategy over the medium term.

### Subprogrammes

- Management* oversees and manages the programme. This subprogramme had a staff complement of 3 in 2013/14.
- Aquaculture* provides public support and integrated management to promote aquaculture growth and fisheries development. This subprogramme had a staff complement of 104 in 2013/14.
- Monitoring Control and Surveillance* protects and promotes the sustainable use of marine living resources. This subprogramme had a staff complement of 259 in 2013/14.
- Marine Resources Management* manages and regulates marine living resources. This subprogramme had a staff complement of 53 in 2013/14.
- Fisheries Research and Development* conducts research to promote the sustainable use and development of fisheries resources and ecosystems. This subprogramme had a staff complement of 123 in 2013/14.
- Marine Living Resources Fund* receives transfers for the management and sustainable use of marine living resources to supplement the revenue received from levies on fish and fish products, permits and application fees and the proceeds from the sale of confiscated fish and fish products. This subprogramme's budget is transferred in full to the Marine Living Resources Fund.

### Expenditure estimates

Table 26.19 Fisheries

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Management	0.1	0.1	0.9	1.6	124.0%	0.2%	2.1	2.2	2.3	12.4%	0.5%
Aquaculture	23.7	25.0	28.7	29.7	7.9%	7.0%	32.4	33.8	35.6	6.2%	7.4%
Monitoring Control and Surveillance	54.3	64.0	68.2	73.6	10.7%	17.0%	69.8	73.4	77.3	1.7%	16.6%
Marine Resources Management	14.2	15.1	17.4	17.6	7.4%	4.2%	18.6	19.2	20.2	4.6%	4.3%
Fisheries Research and Development	38.6	46.7	52.7	57.6	14.2%	12.8%	53.6	56.0	59.0	0.8%	12.8%
Marine Living Resources Fund	128.1	201.2	316.4	253.5	25.6%	58.8%	251.3	258.6	268.4	1.9%	58.4%
<b>Total</b>	<b>259.1</b>	<b>352.0</b>	<b>484.3</b>	<b>433.7</b>	<b>18.7%</b>	<b>100.0%</b>	<b>427.8</b>	<b>443.3</b>	<b>462.9</b>	<b>2.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(0.3)			(19.2)	(24.8)	(20.0)		

Table 26.19 Fisheries

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Current payments</b>	<b>130.8</b>	<b>150.3</b>	<b>166.7</b>	<b>180.2</b>	<b>11.3%</b>	<b>41.1%</b>	<b>176.4</b>	<b>184.6</b>	<b>194.4</b>	<b>2.6%</b>	<b>41.6%</b>	
Compensation of employees	130.8	150.3	166.7	180.2	11.3%	41.1%	176.4	184.6	194.4	2.6%	41.6%	
<b>Transfers and subsidies</b>	<b>128.3</b>	<b>201.7</b>	<b>317.7</b>	<b>253.6</b>	<b>25.5%</b>	<b>58.9%</b>	<b>251.3</b>	<b>258.6</b>	<b>268.4</b>	<b>1.9%</b>	<b>58.4%</b>	
Departmental agencies and accounts	128.1	201.2	316.4	253.5	25.6%	58.8%	251.3	258.6	268.4	1.9%	58.4%	
Households	0.2	0.5	1.3	0.0	-50.8%	0.1%	-	-	-	-100.0%	-	
<b>Total</b>	<b>259.1</b>	<b>352.0</b>	<b>484.3</b>	<b>433.7</b>	<b>18.7%</b>	<b>100.0%</b>	<b>427.8</b>	<b>443.3</b>	<b>462.9</b>	<b>2.2%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>6.8%</b>	<b>7.2%</b>	<b>8.3%</b>	<b>7.0%</b>			<b>6.4%</b>	<b>6.7%</b>	<b>6.9%</b>			

## Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current											
	128.1	201.2	316.4	253.5	25.6%	58.8%	251.3	258.6	268.4	1.9%	58.4%
Marine Living Resources Fund	128.1	201.2	316.4	253.5	25.6%	58.8%	251.3	258.6	268.4	1.9%	58.4%

## Personnel information

Table 26.20 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Fisheries	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17								
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			2013/14 - 2016/17		
<b>Salary level</b>	<b>603</b>	<b>23</b>	<b>510</b>	<b>166.7</b>	<b>0.3</b>	<b>542</b>	<b>180.2</b>	<b>0.3</b>	<b>542</b>	<b>176.4</b>	<b>0.3</b>	<b>542</b>	<b>184.6</b>	<b>0.3</b>	<b>542</b>	<b>194.4</b>	<b>0.4</b>	-	<b>100.0%</b>
1 – 6	140	16	117	19.7	0.2	116	22.8	0.2	116	22.8	0.2	116	24.1	0.2	116	25.4	0.2	-	21.4%
7 – 10	353	6	310	79.2	0.3	349	106.0	0.3	349	102.2	0.3	349	106.4	0.3	349	112.0	0.3	-	64.4%
11 – 12	92	1	69	50.0	0.7	59	31.4	0.5	59	31.5	0.5	59	33.2	0.6	59	34.9	0.6	-	10.9%
13 – 16	18	-	14	17.9	1.3	18	19.9	1.1	18	19.9	1.1	18	21.0	1.2	18	22.1	1.2	-	3.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on enhancing the economic potential of South Africa's fishery sector through the sustainable use of marine living resources and the creation of 3 550 jobs in coastal and rural communities through the Working for Fisheries programme. The spending focus will also be on performing annual fishery specific research to inform the process of setting the total allowable catches in 22 fishing sectors per year until 2016/17. This includes continuing with the finalisation and implementation of the small scale fisheries policy in 2014/15 and improving compliance with and enforcement of the Marine Living Resources Act (1998) by finalising the development and implementation of the integrated fisheries security strategy from 2014/15 onwards. This is reflected in the significant allocations to expenditure on compensation of the employees who perform these functions and transfers payments to the Marine Living Resources Fund over the medium term.

The significant increase in expenditure in the *Marine Living Resources Fund* subprogramme between 2010/11 and 2013/14 was due to the transfer of the Working for Fisheries programme from the Department of Environmental Affairs to this programme. The increases in subsequent years represent the additional allocation to the fund for expenditure on the operation, repairs and maintenance of the vessels. Spending on compensation of employees also increased over the same period and is expected to increase over the medium term due to improvements to conditions of services. The programme had a funded establishment of 603 posts and 23 were additional to the establishment at the end of November 2013. Of these, 542 were filled and 61 were vacant, due to normal attrition and the length of time it takes to finalise the recruitment process. These posts were in the process of being filled.

To give effect to Cabinet approved budget reductions the transfer to the Marine Living Resources Fund was reduced by R45 million over the medium term. The reduction is not expected to have an adverse effect on service delivery, as personnel in the fund have been encouraged to use video conferencing instead of travelling to meetings and limits have been placed on the number of delegates going on overseas trips.

## Public entities and other agencies

### Agricultural Research Council

#### Mandate and goals

The Agricultural Research Council was established by the Agricultural Research Act (1990) and is the main agricultural research institution in South Africa. The council's primary mandate in terms of the act is to conduct research and development, and effect the transfer of technology in order to promote agriculture and industry, contribute to a better quality of life and facilitate and ensure natural resource conservation.

The council's new strategic goals over the medium term are to:

- improve the productivity, production, competitiveness and sustainability of crop based agriculture and livestock based agriculture
- develop and use new technologies and information that will enhance the development of improved productivity and sustainability in agriculture
- conduct research and translate research results to support agrarian transformation and improve the efficiency and competitiveness of the agricultural sector
- promote good governance, financial sustainability and a high performing and visible organisation.

#### Selected performance indicators

Table 26.21 Agricultural Research Council

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of peer-reviewed scientific publications per year	Agro-processing, food technology and safety	Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all	168	178	268	252	332	234	254
Number of intellectual property registered per year	Smallholder agricultural development	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	21	15	12	13	14	22	12
Number of agriculture technologies licences transferred per year <sup>1</sup>	Smallholder agricultural development		-	23	51	23	27	30	35
Number of Agricultural enterprises supported through intellectual property per year <sup>2</sup>	Smallholder agricultural development	Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all	-	-	-	-	3	4	5
Number of trained farmers per year <sup>1</sup>	Training and extension		-	1 480	5 389	9 878	9 454	10 474	11 105
Number of commercial farmers supported per year <sup>3</sup>	Agricultural economics and commercialisation		-	-	6 107	6 310	16 115	17 120	19 125
Number of smallholder farmers supported per year <sup>3</sup>	Agricultural economics and commercialisation		-	-	6 006	6 207	6 650	1 303	2 303
Number of information dissemination events per year <sup>1</sup>	Training and extension		-	986	1212	1113	1311	1 455	1 526

1. This indicator was only introduced in 2011/12.

2. This indicator was measured from 2014/15.

3. This indicator was introduced in 2012/13.

## Programmes/activities/objectives

Table 26.22 Agricultural Research Council

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	105.5	115.3	188.5	141.8	10.4%	14.2%	155.7	171.0	181.3	8.5%	13.4%
Crop production, improvement and protection	162.2	162.3	216.1	269.5	18.4%	20.7%	268.6	282.0	296.8	3.3%	23.0%
Animal health, improvement and protection	162.3	169.2	226.3	272.3	18.8%	21.2%	280.8	295.4	310.9	4.5%	23.9%
Natural resource management	113.6	119.6	169.0	203.3	21.4%	15.4%	209.9	220.6	232.2	4.5%	17.9%
Mechanization and engineering	-	-	-	14.2	-	0.3%	14.7	15.4	16.2	4.5%	1.2%
Agro-processing, food technology and safety	162.2	172.4	171.1	57.9	-29.1%	15.5%	59.7	62.8	66.1	4.5%	5.1%
Small-holder agricultural development	-	-	-	56.5	-	1.2%	58.3	61.3	64.5	4.5%	5.0%
Agricultural economics and commercialisation	105.4	115.3	-	31.0	-33.5%	7.3%	32.0	33.6	35.3	4.5%	2.7%
Training and extension	-	-	-	17.7	-	0.4%	18.2	19.2	20.2	4.5%	1.6%
Other projects	-	-	44.3	136.5	-	3.9%	171.1	-	-	-100.0%	6.2%
<b>Total expense</b>	<b>811.2</b>	<b>854.1</b>	<b>1 015.3</b>	<b>1 200.6</b>	<b>14.0%</b>	<b>100.0%</b>	<b>1 269.1</b>	<b>1 161.3</b>	<b>1 223.4</b>	<b>0.6%</b>	<b>100.0%</b>

## Expenditure estimates

Table 26.23 Agricultural Research Council

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>280.4</b>	<b>312.1</b>	<b>356.5</b>	<b>368.2</b>	<b>9.5%</b>	<b>31.3%</b>	<b>391.2</b>	<b>414.5</b>	<b>435.4</b>	<b>5.7%</b>	<b>31.1%</b>
Sale of goods and services other than capital assets	249.2	275.7	317.9	344.1	11.4%	28.1%	364.8	386.7	409.9	6.0%	29.1%
<i>of which:</i>											
<i>Sales by market establishment</i>	249.2	275.7	317.9	344.1	11.4%	28.1%	364.8	386.7	409.9	6.0%	29.1%
Other non-tax revenue	31.2	36.4	38.7	24.1	-8.2%	3.2%	26.4	27.9	25.5	1.9%	2.0%
<b>Transfers received</b>	<b>590.2</b>	<b>666.0</b>	<b>747.4</b>	<b>909.3</b>	<b>15.5%</b>	<b>68.7%</b>	<b>956.8</b>	<b>829.3</b>	<b>875.0</b>	<b>-1.3%</b>	<b>68.9%</b>
<b>Total revenue</b>	<b>870.5</b>	<b>978.1</b>	<b>1 103.9</b>	<b>1 277.5</b>	<b>13.6%</b>	<b>100.0%</b>	<b>1 348.0</b>	<b>1 243.9</b>	<b>1 310.3</b>	<b>0.8%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>811.2</b>	<b>854.1</b>	<b>1 015.3</b>	<b>1 200.6</b>	<b>14.0%</b>	<b>100.0%</b>	<b>1 269.1</b>	<b>1 161.3</b>	<b>1 223.4</b>	<b>0.6%</b>	<b>100.0%</b>
Compensation of employees	492.2	518.3	611.8	690.4	11.9%	59.8%	738.9	720.4	764.3	3.4%	60.1%
Goods and services	298.1	313.9	379.8	478.1	17.1%	37.7%	496.7	405.6	422.2	-4.1%	37.1%
Depreciation	20.8	21.8	23.8	32.1	15.5%	2.5%	33.5	35.2	37.0	4.8%	2.8%
<b>Total expenses</b>	<b>811.2</b>	<b>854.1</b>	<b>1 015.3</b>	<b>1 200.6</b>	<b>14.0%</b>	<b>100.0%</b>	<b>1 269.1</b>	<b>1 161.3</b>	<b>1 223.4</b>	<b>0.6%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>59.0</b>	<b>124.0</b>	<b>89.0</b>	<b>77.0</b>	<b>9.3%</b>		<b>79.0</b>	<b>83.0</b>	<b>87.0</b>	<b>4.2%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	666.0	729.0	783.8	874.6	9.5%	62.3%	992.3	1 064.4	1 129.2	8.9%	66.0%
<i>of which:</i>											
<i>Acquisition of assets</i>	38.7	90.5	111.0	109.1	41.2%	6.8%	150.4	108.8	103.4	-1.8%	7.7%
Investments	2.2	2.4	3.8	2.0	-2.0%	0.2%	2.0	2.1	2.1	1.8%	0.1%
Inventory	11.5	11.8	10.4	13.2	4.7%	1.0%	13.9	14.7	15.4	5.3%	0.9%
Receivables and prepayments	64.9	72.0	77.0	86.8	10.2%	6.1%	93.6	98.8	103.3	6.0%	6.2%
Cash and cash equivalents	163.4	457.4	496.7	450.2	40.2%	30.4%	401.5	385.9	392.7	-4.5%	26.7%
Non-current assets held for sale	-	0.2	0.5	-	-	0.0%	-	-	-	-	-
<b>Total assets</b>	<b>908.0</b>	<b>1 272.8</b>	<b>1 372.3</b>	<b>1 426.9</b>	<b>16.3%</b>	<b>100.0%</b>	<b>1 503.4</b>	<b>1 565.9</b>	<b>1 642.8</b>	<b>4.8%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	506.9	631.0	720.0	796.9	16.3%	53.4%	875.8	958.5	1 045.4	9.5%	59.7%
Capital and reserves	2.4	2.4	2.4	2.4	-	0.2%	2.4	2.4	2.4	-	0.2%
Capital reserve fund	108.9	109.6	109.6	109.6	0.2%	9.1%	109.6	109.6	109.6	-	7.2%
Deferred income	43.5	87.3	192.6	192.6	64.2%	9.8%	192.6	192.6	192.6	-	12.6%
Trade and other payables	148.4	368.7	240.7	256.4	20.0%	20.2%	248.0	233.8	224.8	-4.3%	15.8%
Provisions	98.0	73.9	107.2	69.1	-11.0%	7.3%	75.0	69.1	68.1	-0.5%	4.6%
<b>Total equity and liabilities</b>	<b>908.0</b>	<b>1 272.8</b>	<b>1 372.3</b>	<b>1 426.9</b>	<b>16.3%</b>	<b>100.0%</b>	<b>1 503.4</b>	<b>1 565.9</b>	<b>1 642.8</b>	<b>4.8%</b>	<b>100.0%</b>

## Personnel information

**Table 26.24 Agricultural Research Council**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	3 225	3 225	3 109	611.8	0.2	3 225	690.4	0.2	3 234	738.9	0.2	2 885	720.4	0.2	2 890	764.3	0.3	3.4%	100.0%
1 – 6	1 859	1 859	1 830	157.5	0.1	1 859	167.3	0.1	1 868	181.5	0.1	1 562	156.1	0.1	1 562	167.2	0.1	-0.0%	55.9%
7 – 10	759	759	899	232.3	0.3	759	188.4	0.2	759	200.1	0.3	759	210.5	0.3	759	221.6	0.3	5.6%	24.9%
11 – 12	527	527	310	160.1	0.5	527	259.4	0.5	527	277.1	0.5	484	269.5	0.6	484	281.1	0.6	2.7%	16.5%
13 – 16	77	77	67	56.2	0.8	77	69.2	0.9	77	73.7	1.0	77	77.6	1.0	82	87.2	1.1	8.0%	2.6%
17 – 22	3	3	3	5.7	1.9	3	6.0	2.0	3	6.4	2.1	3	6.8	2.3	3	7.1	2.4	5.7%	0.1%

1. Rand million.

## Expenditure trends

The Agricultural Research Council's main source of revenue is government transfers, supplemented by its own revenue generated from project contracts, research and development contracts, as well as income earned from intellectual property, the sale of farm products, and the interest on cash balances and investments. The council's own revenue increased between 2010/11 and 2013/14 mainly due to research contracts signed with the Department of Rural Development and Land Reform, and is expected to grow over the medium term with the focus on driving good relationships with the current client base and generating revenue from its own intellectual property.

The council's spending focus over the medium term will be on crop production, animal production and health, the management of natural resources, and research and development.

Expenditure increased significantly between 2010/11 and 2013/14 due to the allocation of funds for the economic competitive support package projects. These projects were ring fenced for research in crop production, the production of animal vaccines, extension services for smallholder farmers, university research, and the maintenance of national collections and gene banks. The increase in expenditure over this period is also due to contractual projects entered into with the Department of Rural Development and Land Reform to provide farming training to the youth and young farming entrepreneurs. Over the medium term, expenditure on compensation of employees is the largest component of the council's spending and is expected to increase marginally over this period to provide for improved conditions of service.

Expenditure on goods and services is set to decrease over the medium term due to the discontinuation of projects funded from the economic competitive support package, as well as the implementation of the Cabinet approved reduction of R120 million on goods and services. The reduction will pose a challenge for the council in carrying out its mandate and achieving its targets, and has led to the revision of some performance targets. The entity plans to implement cost effectiveness measures to ensure activities and strategic goals are not affected.

At the end of November 2013, the entity had 3 225 employees, comprised of permanent employees, long term contractors (including executives), and other contractors. The council also has 888 vacancies, due to normal attrition and the length of time it takes to finalise the recruitment process.

## Marine Living Resources Fund

### Mandate and goals

The Marine Living Resources Fund was established in terms of the Marine Living Resources Act (1998). The fund's mandate and core business is to manage the development and sustainable use of South Africa's marine resources, as well as to protect the integrity and quality of the marine ecosystem.

The fund's main strategic goals over the medium term are to:

- conduct fishery specific research to inform the setting of total allowable catches, and total allowable effort, in 22 fishing sectors
- implement the stock recovery strategy for hake, abalone, West Coast rock lobster and line fish
- allocate rights to the small scale fisheries sector
- broaden the scope of the aquaculture sector by supporting 20 fish farms by 2016/17
- develop and implement a proactive stakeholder engagement strategy
- set transformation targets for the allocation of new fishing rights
- achieve better compliance, monitoring and enforcement efforts
- facilitate the creation of job opportunities in coastal and rural communities through the implementation of projects under the Working for Fisheries programme.

## Selected performance indicators

**Table 26.25 Marine Living Resources Fund**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of research projects conducted on the feasibility of South Africa's aquaculture species per year	Sustainable environmental management	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	2	2	2	2	2	2	2
Number of aquaculture (fish farming) pilots projects launched per year	Improved access to affordable and diverse food	Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all	1	3	5	5	15	15	20
Number of jobs created with the alternative livelihoods programme per year	Improved access to affordable and diverse food		978	1 100	1 000	1 100	1 150	1 200	1 200
Number of annual assessments conducted to determine the state of resources in the fisheries sector per year	Sustainable environment management	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	22	22	22	22	22	22	22

## Programmes/activities/objectives

**Table 26.26 Marine Living Resources Fund**

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Administration	54.0	41.6	59.2	50.4	-2.3%	14.5%	52.7	51.7	53.6	2.1%	12.0%
Marine resources management	10.1	11.3	5.4	12.3	6.7%	2.6%	12.8	11.1	11.1	-3.5%	2.7%
Aquaculture and economic development	81.0	64.2	88.8	165.2	26.8%	25.7%	87.7	92.5	95.7	-16.6%	24.2%
Marine resources research	84.7	119.8	56.5	155.7	22.5%	26.3%	112.9	120.0	122.2	-7.8%	28.8%
Monitoring, compliance and surveillance	97.8	139.8	59.2	201.9	27.3%	30.9%	125.3	124.8	129.4	-13.8%	32.3%
<b>Total expense</b>	<b>327.6</b>	<b>376.7</b>	<b>269.0</b>	<b>585.4</b>	<b>21.3%</b>	<b>100.0%</b>	<b>391.3</b>	<b>400.1</b>	<b>411.9</b>	<b>-11.1%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 26.27 Marine Living Resources Fund**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>137.0</b>	<b>168.4</b>	<b>146.2</b>	<b>133.8</b>	<b>-0.8%</b>	<b>43.4%</b>	<b>140.0</b>	<b>141.5</b>	<b>143.4</b>	<b>2.3%</b>	<b>32.2%</b>
Sale of goods and services other than capital assets	130.0	159.8	134.1	107.0	-6.3%	39.9%	108.0	108.5	109.4	0.8%	24.9%
<i>of which:</i>											
Administrative fees	103.3	107.3	112.9	107.0	1.2%	31.8%	108.0	108.5	109.4	0.8%	24.9%
Other sales	26.7	52.5	21.2	-	-100.0%	8.1%	-	-	-	-	-
Other non-tax revenue	7.0	8.6	12.0	26.8	56.7%	3.5%	32.0	33.0	34.0	8.2%	7.3%
<b>Transfers received</b>	<b>142.5</b>	<b>181.8</b>	<b>127.1</b>	<b>451.6</b>	<b>46.9%</b>	<b>56.6%</b>	<b>251.3</b>	<b>258.6</b>	<b>268.4</b>	<b>-15.9%</b>	<b>67.8%</b>
<b>Total revenue</b>	<b>279.5</b>	<b>350.2</b>	<b>273.2</b>	<b>585.4</b>	<b>27.9%</b>	<b>100.0%</b>	<b>391.3</b>	<b>400.1</b>	<b>411.9</b>	<b>-11.1%</b>	<b>100.0%</b>

**Table 26.27 Marine Living Resources Fund**

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Expenses</b>											
<b>Current expenses</b>	<b>327.6</b>	<b>376.7</b>	<b>269.0</b>	<b>585.4</b>	<b>21.3%</b>	<b>100.0%</b>	<b>391.3</b>	<b>400.1</b>	<b>411.9</b>	<b>-11.1%</b>	<b>100.0%</b>
Goods and services	297.3	345.9	237.8	557.4	23.3%	91.5%	361.3	370.1	378.9	-12.1%	93.0%
Depreciation	30.4	30.8	31.2	28.0	-2.6%	8.5%	30.0	30.0	33.0	5.6%	7.0%
<b>Total expenses</b>	<b>327.6</b>	<b>376.7</b>	<b>269.0</b>	<b>585.4</b>	<b>21.3%</b>	<b>100.0%</b>	<b>391.3</b>	<b>400.1</b>	<b>411.9</b>	<b>-11.1%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>(48.0)</b>	<b>(26.0)</b>	<b>4.0</b>	<b>-</b>	<b>-100.0%</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Statement of financial position</b>											
Carrying value of assets	485.3	462.6	437.5	427.2	-4.2%	77.3%	411.2	394.2	376.2	-4.2%	81.3%
<i>of which:</i>											
Acquisition of assets	12.6	8.2	7.0	17.7	12.1%	2.0%	14.0	13.0	15.0	-5.3%	3.0%
Inventory	2.8	2.2	3.7	-	-100.0%	0.3%	-	-	-	-	-
Receivables and prepayments	13.9	11.5	12.5	11.7	-5.8%	2.1%	14.1	11.0	11.0	-1.9%	2.4%
Cash and cash equivalents	77.7	104.9	260.6	67.1	-4.8%	20.3%	66.0	85.4	102.7	15.3%	16.3%
<b>Total assets</b>	<b>579.7</b>	<b>581.1</b>	<b>714.4</b>	<b>505.9</b>	<b>-4.4%</b>	<b>100.0%</b>	<b>491.3</b>	<b>490.6</b>	<b>489.9</b>	<b>-1.1%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	497.3	470.7	474.9	474.9	-1.5%	81.8%	474.9	474.9	474.9	-	96.1%
Capital reserve fund	51.1	71.4	193.8	-	-100.0%	12.1%	-	-	-	-	-
Deferred income	3.5	2.9	2.8	2.1	-15.6%	0.5%	1.4	0.7	0.0	-85.0%	0.2%
Trade and other payables	27.8	36.2	42.9	29.0	1.4%	5.7%	15.0	15.0	15.0	-19.7%	3.7%
<b>Total equity and liabilities</b>	<b>579.7</b>	<b>581.1</b>	<b>714.4</b>	<b>505.9</b>	<b>-4.4%</b>	<b>100.0%</b>	<b>491.3</b>	<b>490.6</b>	<b>489.9</b>	<b>-1.1%</b>	<b>100.0%</b>

## Expenditure trends

The Marine Living Resources Fund's main source of revenue is transfers received from the department, which increased between 2010/11 and 2013/14, due to an additional allocation of R71.8 million for the Working for Fisheries projects, which will see 3 550 jobs created in the rural coastal communities over the medium term. Over the same period, the fund's own revenue increased mainly due to the increase in the sale of confiscated fish and fish products, recreational permits, application fees and harbour fees. Revenue from sales of goods and services other than capital assets is also expected to increase due to an increase in application fees and levies. Interest earned is expected to remain constant in comparison to 2013/14, as it is expected that monies received from transfers will be spent without unnecessary delays.

As part of the protection of South Africa's fishing stocks, the fund's spending focus over the medium term will be in the marine resources research and the monitoring compliance and surveillance programmes on: conducting scientific surveys and research in 22 fisheries; creating 3 550 jobs in coastal and rural communities through the implementation of labour intensive projects such as anti-poaching, catch data monitors, and the development of fish processing facilities; and broadening the scope of the aquaculture sector by creating 15 aquaculture pilot projects by 2016/17.

Expenditure on goods and services for vessel operations and expanded public works programme projects is set to increase over the medium term due to the return to the fund of the fisheries patrol and research function that the South African Navy had previously taken over. It will also be a result of an increase in expanded public works programme projects intended to enhance the department's capacity to protect marine species and the coastline, and to improve employment opportunities for rural coastal communities.

The expenditure increase between 2010/11 and 2013/14 was due to the implementation of Working for Fisheries projects, which created over 4 178 jobs in rural coastal communities. The expenditure decrease between 2011/12 and 2012/13 was the result of the transfer of a vessel and its associated costs to the Department of Environmental Affairs, and of Cabinet approved budget reduction of R45 million over the medium term. The reductions will be effected on non-core goods and services and will not have a negative impact on service delivery. The fund is managed by the department's staff, so compensation of employees is funded by the department through the subprogrammes.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **National Agricultural Marketing Council** was established in terms of the Marketing of Agricultural Products Act (1996) to provide strategic agricultural marketing advice to the Minister of Agriculture, Forestry and Fisheries. The council's total budget for 2014/15 is R36.9 million.
- **Ncera Farms** is a schedule 3B company in terms of the Public Finance Management Act (1999), with the Department of Agriculture, Forestry and Fisheries as a sole shareholder. The mandate of the company is to provide extension, mechanical, and training and agricultural support services to the farmers settled on Ncera Farmland, as well as the neighbouring communities. The company's total budget for 2014/15 is R3.6 million.
- **Onderstepoort Biological Products** was established by the Onderstepoort Biological Products Incorporation Act (1999). Its mandate is to prevent and control animal diseases that impact food security, human health, and livelihoods. The company's total budget for 2014/15 is R116.3 million.
- **The Perishable Products Export Control Board** is mandated by the Department of Agriculture, Forestry and Fisheries to ensure the orderly export of perishable agricultural products, to monitor the proper maintenance of a continuous cold chain for exports, and to monitor minimum quality standards of perishable products for exports. The board's total budget for 2014/15 is R257.6 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
<b>R million</b>										
<b>Departmental infrastructure</b>										
Drilling of boreholes	Sling, drilling and testing of boreholes for small scale farmers identified in priority projects by provinces	Various	200.0	6.0	7.2	8.3	9.1	9.1	9.6	10.0
Foot and mouth disease border fence	Repair and construction of foot and mouth disease fence in priority areas identified by the animal health directorate	Various	250.0	31.8	24.0	21.9	23.7	28.6	29.9	31.3
Durban	Site clearance	Feasibility	17.7	0.1	0.2	0.1	0.1	-	-	-
Western Cape: Stellenbosch	Construction of additional office accommodation	Hand over	16.3	1.7	0.7	0.2	-	-	-	-
Northern Cape: Upington	Upgrading of offices, storeroom and construction of evaporation pan and laboratory	Feasibility	3.0	-	-	-	0.4	0.5	0.5	0.5
Western Cape: Stellenbosch	Construction of agrochemical store	Hand over	1.4	1.4	0.6	0.4	-	-	-	-
Groeffontein Agricultural Development Institute	Minor upgrading and repairs	Hand over	44.0	-	-	1.3	-	-	-	-
Western Cape: Cape Town	Sniffer dog kennels	Identification	3.9	-	-	-	0.2	0.3	0.3	0.3
Gauteng: Pretoria	Upgrading of reception areas: Agriculture Place, Harvest House and Sefala	Design	1.5	-	-	-	0.8	0.6	0.6	0.6
Limpopo: Umthali municipal district	Construction of a seed bank Mutale (Project on hold pending the finalisation of site clearance for construction)	On hold	2.0	-	-	-	-	0.4	0.4	0.4
Eastern Cape: Sterkspruit	Construction of a seed bank: Mutale (Project on hold pending the finalisation of site clearance for construction)	On hold	2.0	-	-	-	-	0.4	0.4	0.4
Western Cape: Stellenbosch: Plant Health Laboratory	Alterations to Polka Draai Road entrance, terms of traffic regulations	Design	0.6	-	-	-	-	0.3	0.3	0.3
Mpumalanga: Skukuza: Alterations to offices/laboratories	Upgrading of existing buildings and laboratories	Design	1.5	-	-	0.2	0.3	0.2	0.2	0.2
Western Cape: Stellenbosch	Upgrading of electrical substation	Design	1.7	-	-	-	0.4	0.3	0.3	0.3
Gauteng: Pretoria	Revamping of parking area at Harvest House	Design	2.3	-	-	-	0.3	0.2	0.2	0.2
Gauteng: Pretoria	Feasibility study on the installation of central air conditioning system at Agriculture Place	Design	0.5	-	-	-	0.3	0.3	0.3	0.3
Gauteng: Pretoria	Replacement of leaking roof at Sefala building	Design	-	-	-	-	0.4	0.2	0.2	0.2
Western Cape: Cape Town	Minor capital projects along the coast line of RSA	Design	1.0	-	-	-	0.2	0.3	0.3	0.3
KwaZulu-Natal: Durban	Construction of animal quarantine station (Project placed on hold pending completion of the site clearance)	On hold	94.0	-	-	-	1.0	0.8	0.8	0.8
Western Cape: Stellenbosch: Plant Health Laboratory	Upgrade and maintenance of building and laboratory facility (Glasshouses and tunnels)	Feasibility	54.6	-	-	-	3.5	22.5	28.6	30.1
Gauteng: Roodeplaat	Repair and installation of the infrastructure at the Plant Genetic Resources Centre	Feasibility	5.0	-	-	0.3	0.3	-	-	-
Western Cape: Cape Town	Repair and maintenance of fisheries harbours along the coast line	Design	1.0	-	-	-	0.1	-	-	-

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R million										
Western Cape: Cape Town: Sea Point	Upgrade student centre and laboratories at Sea Point	Pre-feasibility	0.8	-	-	-	0.2	-	-	-
Site Clearance and acquisition: construction of seed banks: Feasibility study report	Site Clearance and acquisition: construction of seed banks: Feasibility study report	Feasibility	0.5	-	-	-	0.2	0.3	0.3	0.3
Gauteng: Pretoria: Sefala building	Repair and maintenance	Hand over	-	-	1.1	-	-	-	-	-
Gauteng: Pretoria: Harvest House	Repair and maintenance	Various	-	-	0.1	-	-	-	-	-
Gauteng: Pretoria: Agriculture Place	Repair and maintenance	Various	-	-	0.7	-	-	-	-	-
Pretoria: 110 Hamilton building	Repair and maintenance	Various	-	-	1.1	-	-	-	-	-
Multi-locking systems	Installation of multi-locking systems in various forestry offices	Various	-	-	2.3	-	-	-	-	-
Various maintenance and repair projects	Various maintenance and repair projects	Identification	-	-	-	17.0	6.0	5.9	6.3	-
Spitskop Conservation Area	Maintenance and repair of existing soil conservation structures	Various	6.4	0.9	5.5	-	-	-	-	-
Stellenbosch: Upgrading of existing buildings	Upgrading	Tender	9.0	6.2	2.8	-	-	-	-	-
Middelburg: Upgrading of existing buildings	Upgrading	Tender	11.7	3.5	8.2	-	-	-	-	-
Pretoria: Upgrading of Agriculture Place	Upgrading	Construction	4.6	2.1	2.5	-	-	-	-	-
Pretoria: Upgrading of Sefala Building	Upgrading	Construction	7.1	5.0	2.1	-	-	-	-	-
Pretoria, Rodepleat: Upgrading of offices/laboratories	Upgrading	Feasibility	0.2	-	0.2	-	-	-	-	-
Kempton Park: Animal quarantine station	Maintenance and repair	Feasibility	5.0	-	0.1	-	-	-	-	-
Minerton: Animal quarantine station	Upgrading	Feasibility	7.0	-	0.1	-	-	-	-	-
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Animal production, health and improvement	Vaccine for foot and mouth disease	Various	149.1	-	43.9	105.3	-	-	-	-
Comprehensive agricultural support programme grant: Flood damaged infrastructure	Damaged agricultural infrastructure repaired and soil rehabilitation undertaken	Various	1 845.0	-	-	398.2	299.0	493.8	325.6	328.5
Onderstepoort Biological Products	Building and facility for vaccine production	Various	492.4	-	-	-	96.5	127.5	268.4	-
Agriculture Research Council: Maintenance of infrastructure	Research and development	Various	84.1	-	-	13.9	14.6	17.7	18.5	19.5
Crop Production, Improvement and Protection	Research and development	Various	63.0	16.5	46.5	-	-	-	-	-
Animal Production, Health and Improvement	Research and development	Various	58.8	20.4	38.4	-	-	-	-	-
Natural Resource Management	Research and development	Various	26.3	4.2	22.1	-	-	-	-	-
Mechanisation and Engineering	Research and development	Various	16.1	1.2	14.8	-	-	-	-	-
Agro-processing, food technology and safety	Research and development	Various	6.5	-	6.5	-	-	-	-	-
Administration and Corporate Affairs	Research and development	Various	56.3	20.2	36.1	-	-	-	-	-
<b>Total</b>			<b>3 533.7</b>	<b>121.3</b>	<b>262.2</b>	<b>555.2</b>	<b>468.4</b>	<b>710.1</b>	<b>691.4</b>	<b>430.7</b>



# Vote 27

## Communications

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	216.4	214.3	0.3	1.8	225.2	237.8
International Affairs	36.8	20.1	16.2	0.6	39.0	41.3
Policy, Research and Capacity Development	98.0	96.9	–	1.1	101.6	107.9
ICT Enterprise Development and SOE Oversight	719.2	22.3	696.3	0.6	752.7	792.7
ICT Infrastructure Support	523.0	149.8	371.8	1.4	769.0	895.1
<b>Total expenditure estimates</b>	<b>1 593.4</b>	<b>503.4</b>	<b>1 084.5</b>	<b>5.5</b>	<b>1 887.5</b>	<b>2 074.8</b>
Executive authority	Minister of Communications					
Accounting officer	Director General of Communications					
Website address	<a href="http://www.doc.gov.za">www.doc.gov.za</a>					

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

### Aim

*Develop information and communication technology (ICT) policies and legislation that create favourable conditions for accelerated and shared sustainable economic growth that positively impacts on the wellbeing of all South Africans.*

### Mandate

The Department of Communications is mandated to: ensure that ICT policies are developed to create conditions for the accelerated and sustained growth of the South African economy and the development of robust, reliable, secure and affordable ICT infrastructure; contribute to the development of an inclusive information society that is aimed at establishing South Africa as an advanced, information based society; contribute to building an ICT skills base in the country, ensuring equitable prosperity and global competitiveness; strengthen the capacity of the Independent Communications Authority of South Africa to regulate the sector in the public interest and ensure growth and stability; enhance the capacity of, and exercise oversight over state owned enterprises; and fulfil South Africa's continental and international responsibilities in the ICT field.

The mandate is derived from the following legislation:

- the Electronic Communications Act (2006)
- the Electronic Communications and Transactions Act (2002)
- the Broadcasting Act (1999)
- the Independent Communications Authority of South Africa Act (2000)
- the Sentech Act (1996)
- the Postal Services Act (1998)
- the South African Post Office SOC Ltd Act (2011)
- the South African Postbank Limited Act (2010).

## Strategic goals

The department's strategic goals over the medium term are to:

- enable maximum investment in the ICT sector and create new, competitive business opportunities for the growth of the ICT industry
- ensure that ICT infrastructure is accessible, robust, reliable, affordable and secure
- accelerate the socioeconomic development of South Africans
- facilitate the building of an inclusive information society through partnerships with business, civil society and the three spheres of government
- improve departmental performance and enhance the role of ICT state owned entities as the delivery arms of government
- contribute to the global ICT agenda, prioritising Africa's development.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide strategic support to the ministry and overall management of the department.

### Programme 2: International Affairs

**Purpose:** Ensure alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy.

### Programme 3: Policy, Research and Capacity Development

**Purpose:** Develop ICT policies and legislation that support the development of an ICT sector that creates favourable conditions for the accelerated and shared growth of the economy. Develop strategies that increase the uptake and use of ICT by the majority of the South African population in order to bridge the digital divide.

### Programme 4: ICT Enterprise Development and SOE Oversight

**Purpose:** Oversee and manage government's shareholding interest in the ICT public entities. Facilitate growth and development of small, medium and micro enterprises (SMMEs) in the ICT sector.

### Programme 5: ICT Infrastructure Support

**Purpose:** Promote investment in robust, reliable, secure and affordable ICT infrastructure that supports the provision of a multiplicity of applications and services.

## Selected performance indicators

Table 27.1 Communications

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of ICT position papers developed for international engagements per year	International Affairs	Outcome 6: An efficient, competitive and responsive economic infrastructure network	8	5	5	5	5	5	5
Reduction in per minute call costs of mobile phones (wholesale interconnection rate per minute) per year	Policy, Research and Capacity Development		R0.89	R0.73	R0.4	R0.4	-1	-1	-1
Reduction in per minute call costs for fixed line (public access) phones per year	Policy, Research and Capacity Development		R0.21	R0.21	R0.12	R0.12	-1	-1	-1
Number of community radio stations provided with broadcasting infrastructure per year	Policy, Research and Capacity Development		15	7	5	5	5	5	5

Table 27.1 Communications

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of ICT small medium and micro enterprise hubs created in each province per year <sup>1</sup>	ICT Enterprise Development and State Owned Enterprise Oversight	Outcome 6: An efficient, competitive and responsive economic infrastructure network	- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	2	- <sup>3</sup>	- <sup>3</sup>	- <sup>3</sup>
Number of content and business profiles loaded into the e-commerce platform per year	ICT Enterprise Development and State Owned Enterprise Oversight		- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	60	45	45
Number of Dinaledi and district schools connected to the internet per year	Infrastructure Support		-	-	-	1 650 <sup>4</sup>	-	-	-
Number of set top boxes to be produced per year	Infrastructure Support		- <sup>5</sup>	- <sup>5</sup>	0 <sup>5</sup>	2 016 000	676 000	235 000	246 000
Number of young people participating in the national youth information society and development programme per year	Policy, Research and Capacity Development		944	500	- <sup>2</sup>	500	- <sup>3</sup>	- <sup>3</sup>	- <sup>3</sup>
Number of e-cooperatives established to increase entry of youth owned small enterprises in to the ICT sector per year	Policy, Research and Capacity Development		40	- <sup>2</sup>	- <sup>2</sup>	60	- <sup>3</sup>	- <sup>3</sup>	- <sup>3</sup>
Number of provinces for which provincial cultural heritage content is captured in the national digital repository per year	Policy, Research and Capacity Development		4	- <sup>2</sup>	- <sup>2</sup>	2	- <sup>3</sup>	- <sup>3</sup>	- <sup>3</sup>
Number of jobs created through ICT related projects per year	Policy, Research and Capacity Development		- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	34 644 (40%)	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
Number of television transmitter sites switched off nationally per year	Infrastructure Support		- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	63	61	61

1. The indicator has been discontinued as the department does not have direct control over its achievement.

2. No data or the indicator is new.

3. The implementation of the programme was pushed back due to the reprioritisation of funds.

4. This was a once-off project that was implemented in 2013/14.

5. The project started in 2012/13, so no historical data is available. The target was not reached in 2012/13.

## The national development plan

In response to the national development plan's priority of ensuring that South Africa's capacity to develop as an information society and knowledge economy is enhanced, the department is formulating various enabling policy frameworks. In December 2013, the department submitted to Cabinet the broadband policy, strategy and plan; the broadcasting digital migration policy; and the draft national integrated ICT policy paper. The department has undertaken a full ICT policy review and has prioritised the development of a national integrated for the ICT legislative framework to improve e-literacy, intensify competition in the ICT sector, and provide clarity on the roles and functions of the state to prevent unintended policy outcomes.

To achieve the target of 100 per cent broadband penetration by 2020, as outlined in the plan, the department has developed the national broadband policy, strategy and implementation plan, which ensures that the roles and responsibilities of key stakeholders in the sector are clearly defined and maps the rollout of broadband infrastructure across the country.

Together with the Independent Communications Authority of South Africa, the department has prioritised several initiatives over the medium term in an effort to reduce the costs of communication. These include finalising a data portal on ICT statistics, such as pricing trends used in the department's economic analysis, and conducting a broadband value chain analysis to promote competition and address market failures.

## Expenditure estimates

**Table 27.2 Communications**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2013/14	2014/15			2015/16
R million													
Administration	155.8	165.6	209.2	216.1	216.1	11.5%	10.3%	216.4	225.2	237.8	3.3%	11.3%	
International Affairs	35.2	41.6	44.2	33.3	33.0	-2.2%	2.1%	36.8	39.0	41.3	7.8%	1.9%	
Policy, Research and Capacity Development	95.3	104.8	113.3	89.4	88.3	-2.5%	5.5%	98.0	101.6	107.9	6.9%	5.0%	
ICT Enterprise Development and SOE Oversight	1 039.2	829.3	839.2	761.1	760.1	-9.9%	47.9%	719.2	752.7	792.7	1.4%	38.2%	
Infrastructure Support	100.9	650.6	445.4	1 272.2	1 271.7	132.8%	34.1%	523.0	769.0	895.1	-11.0%	43.6%	
<b>Total</b>	<b>1 426.5</b>	<b>1 792.0</b>	<b>1 651.2</b>	<b>2 372.1</b>	<b>2 369.1</b>	<b>18.4%</b>	<b>100.0%</b>	<b>1 593.4</b>	<b>1 887.5</b>	<b>2 074.8</b>	<b>-4.3%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				328.2	325.2			(5.0)	295.0	395.0			
<b>Economic Classification</b>													
<b>Current payments</b>	<b>307.4</b>	<b>365.5</b>	<b>414.1</b>	<b>760.0</b>	<b>760.0</b>	<b>35.2%</b>	<b>25.5%</b>	<b>503.4</b>	<b>520.8</b>	<b>551.5</b>	<b>-10.1%</b>	<b>29.5%</b>	
Compensation of employees	145.1	151.6	157.5	195.0	195.0	10.4%	9.0%	204.6	217.1	231.5	5.9%	10.7%	
Goods and services	162.0	213.9	256.5	565.0	565.0	51.7%	16.5%	298.8	303.7	320.0	-17.3%	18.8%	
of which:													
Advertising	7.4	9.1	39.9	65.8	65.8	107.3%	1.7%	46.3	46.6	49.1	-9.3%	2.6%	
Consultants and professional services: Business and advisory services	34.6	57.1	72.3	396.4	396.4	125.3%	7.7%	86.3	84.0	133.5	-30.4%	8.8%	
Operating leases	41.2	38.4	38.4	28.7	28.7	-11.4%	2.0%	31.2	32.7	34.4	6.3%	1.6%	
Travel and subsistence	25.5	35.8	39.2	18.7	18.7	-9.9%	1.6%	25.2	25.3	26.7	12.6%	1.2%	
Interest and rent on land	0.3	0.0	0.0	-	-	-100.0%	0.0%	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>1 116.0</b>	<b>1 421.8</b>	<b>1 230.7</b>	<b>1 607.0</b>	<b>1 607.0</b>	<b>12.9%</b>	<b>74.3%</b>	<b>1 084.5</b>	<b>1 361.1</b>	<b>1 517.3</b>	<b>-1.9%</b>	<b>70.3%</b>	
Departmental agencies and accounts	430.5	692.7	775.2	788.4	788.4	22.3%	37.1%	771.4	1 107.1	1 249.9	16.6%	49.4%	
Higher education institutions	-	0.1	0.1	-	-	-	0.0%	-	-	-	-	-	
Foreign governments and international organisations	13.7	11.7	21.4	16.2	16.2	5.8%	0.9%	16.2	16.2	17.0	1.7%	0.8%	
Public corporations and private enterprises	668.0	713.2	433.2	802.4	802.4	6.3%	36.2%	297.0	237.8	250.4	-32.2%	20.0%	
Non-profit institutions	3.7	4.0	0.3	-	-	-100.0%	0.1%	-	-	-	-	-	
Households	0.1	0.1	0.5	-	-	-100.0%	0.0%	-	-	-	-	-	
<b>Payments for capital assets</b>	<b>2.4</b>	<b>2.6</b>	<b>6.1</b>	<b>5.2</b>	<b>2.2</b>	<b>-3.4%</b>	<b>0.2%</b>	<b>5.5</b>	<b>5.7</b>	<b>6.0</b>	<b>40.7%</b>	<b>0.2%</b>	
Machinery and equipment	2.3	2.4	5.7	5.2	2.2	-2.1%	0.2%	5.5	5.7	6.0	40.7%	0.2%	
Software and other intangible assets	0.1	0.2	0.4	-	-	-100.0%	0.0%	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>0.7</b>	<b>2.1</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>1 426.5</b>	<b>1 792.0</b>	<b>1 651.2</b>	<b>2 372.1</b>	<b>2 369.1</b>	<b>18.4%</b>	<b>100.0%</b>	<b>1 593.4</b>	<b>1 887.5</b>	<b>2 074.8</b>	<b>-4.3%</b>	<b>100.0%</b>	

## Personnel information

**Table 27.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Communications	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Salary level	373	31	317	157.5	0.5	317	195.0	0.6	329	204.6	0.6	329	217.1	0.7	329	231.5	0.7	1.2%	100.0%
1 - 6	61	8	61	7.1	0.1	61	10.1	0.2	61	8.5	0.1	61	8.6	0.1	61	9.1	0.1	-	18.7%
7 - 10	138	12	108	34.1	0.3	108	46.2	0.4	113	49.8	0.4	113	52.7	0.5	113	55.5	0.5	1.5%	34.3%
11 - 12	64	5	62	32.7	0.5	62	39.2	0.6	69	46.4	0.7	69	50.3	0.7	69	53.4	0.8	3.6%	20.6%
13 - 16	108	6	84	79.4	0.9	84	95.0	1.1	84	95.1	1.1	84	100.5	1.2	84	108.2	1.3	-	25.8%
Other	2	-	2	4.2	2.1	2	4.5	2.2	2	4.8	2.4	2	5.0	2.5	2	5.4	2.7	-	0.6%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on preparing the broadcasting digital migration call centre, implementing the broadcasting digital migration awareness campaign on digital terrestrial television, expediting the rollout of infrastructure for digital terrestrial television by providing a subsidy scheme for set top boxes, reviewing ICT policies, and accelerating access to ICT by coordinating the participation of the government in specialised ICT agencies. Thus the bulk of the department's budget over the medium term is allocated to the *Infrastructure Support* programme, which accounts for 43.6 per cent of total expenditure over the medium term and makes transfers to the department's public entities and state owned companies over which the department exercises oversight. In this regard, the significant increase in spending on departmental agencies and accounts expected between 2014/15 and 2016/17 is due to the Cabinet approved additional allocations of R700 million to the Universal Service and Access Fund for the broadcasting digital migration project.

The broadcasting digital migration project was also the reason for the significant increase in expenditure between 2010/11 and 2013/14 in the *Administration* programme for the advertising campaign to raise public awareness about the migration process. Over the same period, spending on transfers to public corporations and private enterprises also increased, due to the rescheduling of the transfer payment to Sentech, as funding was made available to expedite the digitisation process in support of government's target to switch off the analogue signal in June 2015. Spending on public corporations and private enterprises is expected to decrease over the medium term, mainly because the final allocation to Sentech for digitisation will be transferred in 2014/15.

Through the 2013 adjustments budget, the department received additional allocations for the school connectivity project, which contributes to the increase in spending on consultants between 2010/11 and 2013/14. Transfers to departmental agencies and accounts increased significantly due to an additional allocation in 2012/13 to fund office equipment and relocation costs for the Independent Communication Authority of South Africa, and for the adjusted allocation for the 2013 Africa Cup of Nations to the South African Broadcasting Corporation.

Cabinet approved reductions of R15 million over the medium term have been effected on the 112 emergency call centre project, and this is not expected to impact adversely on performance. During 2013/14, the department finalised its organisational review process, which will result in all critical vacant posts being filled.

### Infrastructure spending

R265 million over the medium term has been allocated for the broadcasting digital migration project. Of this, R195.1 million is allocated to the South African Broadcasting Corporation for the digital library and a digital playout centre. Sentech is allocated R69.8 million in 2014/15 to finalise the rollout of digital terrestrial television infrastructure. These allocations do not include the R1.5 billion allocated to the Universal Service and Access Fund to subsidise set top boxes, antennas and installation.

## Departmental receipts

Table 27.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
Departmental receipts	1 528 347	2 321 086	2 612 220	3 044 645	2 915 988	24.0%	92.5%	2 993 946	3 042 642	3 072 785	1.8%	96.9%
Sales of goods and services produced by department	531 258	899 729	941 913	1 374 373	1 202 960	31.3%	35.3%	974 948	1 023 466	1 053 470	-4.3%	34.3%
Sales by market establishments	70	98	117	129	65	-2.4%	-	-	-	-	-100.0%	-
of which:												
Rent received	70	98	117	129	65	-2.4%	-	-	-	-	-100.0%	-
Administration fees	523 545	891 500	933 774	1 367 097	1 194 470	31.6%	34.9%	967 600	1 015 759	1 045 541	-4.3%	34.0%
of which:												
Cellular network licence fees	287 439	1 040	1 703	1 185	1 185	-84.0%	2.9%	1 244	1 306	1 345	4.3%	-
Private radio stations licences	109 144	382 562	439 308	850 120	645 000	80.8%	15.5%	431 057	452 610	466 188	-10.3%	16.1%
Private television licences	91 322	116 586	149 164	128 524	167 000	22.3%	5.2%	134 950	141 698	145 949	-4.4%	4.7%
Telecommunication service licences	17 315	372 193	324 053	367 411	360 207	175.0%	10.6%	378 217	397 128	409 042	4.3%	12.4%
Post office licence fees	18 325	19 119	19 546	19 857	21 078	4.8%	0.8%	22 132	23 017	23 017	3.0%	0.7%

Table 27.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
Other sales	7 643	8 131	8 022	7 147	8 425	3.3%	0.3%	7 348	7 707	7 929	-2.0%	0.3%
of which:												
Telephone equipment licences	7 356	7 920	7 531	6 975	8 263	4.0%	0.3%	7 181	7 540	7 762	-2.1%	0.2%
Unreserved postal service fees	172	150	438	107	107	-14.6%	-	107	107	107	-	-
Commission on insurance	31	34	44	40	30	-1.1%	-	35	35	35	5.3%	-
Cryptography law annual fees	79	1	9	25	25	-31.9%	-	25	25	25	-	-
Other	5	26	-	-	-	-100.0%	-	-	-	-	-	-
Sales of scrap, waste, arms and other used current goods	-	-	36	-	-	-	-	-	-	-	-	-
of which:												
Sales tender documents	-	-	36	-	-	-	-	-	-	-	-	-
Transfers received	86	-	-	-	-	-100.0%	-	-	-	-	-	-
Interest, dividends and rent on land	996 294	1 420 768	1 669 331	1 669 372	1 710 781	19.7%	57.2%	2 018 717	2 018 895	2 019 034	5.7%	62.6%
Interest	2 466	2 492	2 610	2 651	2 651	2.4%	0.1%	4 455	4 633	4 772	21.6%	0.1%
Dividends	993 828	1 418 276	1 666 721	1 666 721	1 708 130	19.8%	57.1%	2 014 262	2 014 262	2 014 262	5.6%	62.4%
of which:												
Telkom dividend	258 810	300 219	-	-	-	-100.0%	5.5%	347 541	347 541	347 541	-	8.4%
Vodacom dividend	735 018	1 118 057	1 666 721	1 666 721	1 708 130	32.5%	51.5%	1 666 721	1 666 721	1 666 721	-0.8%	54.0%
Transactions in financial assets and liabilities	709	589	940	900	2 247	46.9%	-	281	281	281	-50.0%	-
National Revenue Fund receipts	366 509	8 276	-	390 355	390 355	2.1%	7.5%	-	-	-	-100.0%	3.1%
of which:												
Special dividends from Telkom	362 333	-	-	-	-	-100.0%	3.6%	-	-	-	-	-
Independent Communications Authority of South Africa	4 176	8 276	-	8 795	8 795	28.2%	0.2%	-	-	-	-100.0%	0.1%
2010 FIFA close-up project	-	-	-	381 560	381 560	-	3.8%	-	-	-	-100.0%	3.1%
<b>Total</b>	<b>1 894 856</b>	<b>2 329 362</b>	<b>2 612 220</b>	<b>3 435 000</b>	<b>3 306 343</b>	<b>20.4%</b>	<b>100.0%</b>	<b>2 993 946</b>	<b>3 042 642</b>	<b>3 072 785</b>	<b>-2.4%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 27.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
Ministry	3.3	3.6	3.6	3.9	5.3%	1.9%	4.1	4.3	4.6	5.7%	1.9%	
Departmental Management	34.1	41.8	42.1	34.3	0.1%	20.4%	34.4	36.2	38.5	4.0%	16.0%	
Internal Audit	3.4	3.2	5.5	3.7	3.4%	2.1%	4.5	5.7	6.1	17.6%	2.2%	
Corporate Services	51.3	54.7	88.7	107.4	27.9%	40.5%	102.2	104.5	109.7	0.7%	47.3%	
Financial Management	50.6	55.1	63.7	58.6	5.0%	30.5%	62.5	65.4	69.3	5.8%	28.6%	
Office Accommodation	13.1	7.2	5.5	8.2	-14.3%	4.6%	8.7	9.1	9.6	5.3%	4.0%	
<b>Total</b>	<b>155.8</b>	<b>165.6</b>	<b>209.2</b>	<b>216.1</b>	<b>11.5%</b>	<b>100.0%</b>	<b>216.4</b>	<b>225.2</b>	<b>237.8</b>	<b>3.3%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				-			8.1	8.1	-			

#### Economic classification

<b>Current payments</b>	<b>153.6</b>	<b>162.3</b>	<b>203.1</b>	<b>214.7</b>	<b>11.8%</b>	<b>98.3%</b>	<b>214.3</b>	<b>223.1</b>	<b>235.6</b>	<b>3.2%</b>	<b>99.1%</b>
Compensation of employees	60.3	64.0	71.1	78.1	9.0%	36.6%	88.8	93.6	99.4	8.4%	40.2%
Goods and services	93.0	98.3	132.0	136.6	13.7%	61.6%	125.5	129.5	136.2	-0.1%	58.9%
of which:											
Advertising	3.6	5.4	35.8	64.9	161.6%	14.7%	45.3	45.6	48.0	-9.6%	22.8%
Consultants and professional services:	8.2	2.0	4.8	2.0	-38.0%	2.3%	4.4	6.1	6.5	48.9%	2.1%
Business and advisory services											
Operating leases	38.9	36.4	36.6	27.2	-11.3%	18.6%	28.7	30.1	31.7	5.2%	13.1%
Travel and subsistence	11.2	17.4	17.6	7.3	-13.1%	7.2%	7.9	7.8	8.3	4.1%	3.5%
Interest and rent on land	0.3	0.0	0.0	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>	<b>-10.8%</b>	<b>0.2%</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>5.3%</b>	<b>0.1%</b>
Departmental agencies and accounts	0.1	0.2	-	0.2	25.8%	0.1%	0.3	0.3	0.3	5.3%	0.1%
Public corporations and private enterprises	0.1	0.0	-	-	-100.0%	-	-	-	-	-	-
Households	0.1	0.1	0.3	-	-100.0%	0.1%	-	-	-	-	-

**Table 27.5 Administration**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Payments for capital assets	1.2	0.8	5.4	1.1	-1.8%	1.1%	1.8	1.8	1.9	19.4%	0.7%
Machinery and equipment	1.2	0.8	5.0	1.1	-1.0%	1.1%	1.8	1.8	1.9	19.4%	0.7%
Software and other intangible assets	0.0	–	0.4	–	-100.0%	0.1%	–	–	–	–	–
Payments for financial assets	0.7	2.1	0.3	–	-100.0%	0.4%	–	–	–	–	–
<b>Total</b>	<b>155.8</b>	<b>165.6</b>	<b>209.2</b>	<b>216.1</b>	<b>11.5%</b>	<b>100.0%</b>	<b>216.4</b>	<b>225.2</b>	<b>237.8</b>	<b>3.3%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	10.9%	9.2%	12.7%	9.1%			13.6%	11.9%	11.5%		

## Personnel information

**Table 27.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Administration</b>																			
Salary level	165	11	165	71.1	0.4	165	78.1	0.5	177	88.8	0.5	177	93.6	0.5	177	99.4	0.6	2.4%	100.0%
1 – 6	54	3	54	5.7	0.1	54	6.5	0.1	54	5.6	0.1	54	5.6	0.1	54	5.9	0.1	–	31.0%
7 – 10	47	5	54	17.9	0.3	54	21.1	0.4	59	25.3	0.4	59	26.9	0.5	59	28.6	0.5	3.0%	33.2%
11 – 12	28	2	27	16.5	0.6	27	17.5	0.6	34	23.3	0.7	34	24.5	0.7	34	26.0	0.8	8.0%	18.5%
13 – 16	34	1	28	26.8	1.0	28	28.5	1.0	28	29.8	1.1	28	31.6	1.1	28	33.6	1.2	–	16.1%
Other	2	–	2	4.2	2.1	2	4.5	2.2	2	4.8	2.4	2	5.0	2.5	2	5.4	2.7	–	1.1%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing strategic support to the ministry and overall management to the department, and supporting the implementation of the broadcasting digital migration through awareness campaigns. This accounts for the significant spending projected over the medium term on advertising and in the *Corporate Services* subprogramme, which was due to funds being reprioritised in 2012/13 and 2013/14 for the digital terrestrial television awareness campaign. These funds were reprioritised mostly from allocations to the 112 emergency call centre project, which experienced implementation delays.

The department also aims to upgrade its IT systems over the medium term to improve efficiency. Service providers will be appointed over the medium term to perform this task. This explains the expected increase in spending on consultants over the medium term. The number of personnel in this programme is expected to increase from 165 in 2012/13 to 177 in 2016/17, mostly in salary levels 7 to 10 and 11 and 12, as the department finalises its organisational review.

## Programme 2: ICT International Affairs and Trade

### Objectives

- Advance the South African ICT agenda through active participation in multilateral, bilateral and other international forums by:
  - coordinating the implementation of the Southern African Development Community's (SADC) ICT infrastructure master plan with relevant stakeholders by March 2015
  - facilitating the implementation of the SADC digital broadcasting migration roadmap and reporting on the regional status of broadcasting digital migration by March 2015
  - negotiating, developing and facilitating the implementation of two bilateral programmes with countries of the South by March 2015.

- Explore trade and investment opportunities for the ICT sector in South Africa by reviewing 5 existing bilateral agreements to facilitate market access, trade and investment opportunities to the identified countries by March 2015.

## Subprogrammes

- *International Affairs* coordinates the functions and responsibilities of the department to meet South Africa's international ICT obligations. In 2012/13, South Africa was elected to the Council of Administration of the Universal Postal Union for the first time since admission in 1994, receiving the highest number of votes within the Africa region, and among the top six countries elected overall. South Africa was also selected to chair the future strategy committee, and consequently will form part of the union's management board. South Africa also chaired the Pan African Postal Union committee on strategy, which included the development of three-year and one-year work plans focused on the implementation of the Doha world postal strategy and the African regional strategy, as well as the development of the new postal strategy. The department will be hosting the extraordinary SADC meeting of ministers responsible for ICTs and postal services in March 2014. This subprogramme had a staff complement of 12 in 2013/14.
- *ICT Trade/Partnerships* develops and advances the country's interests in international trade forums through participation in World Trade Organisation ICT related initiatives and other international trade agreements such as the South Africa-European Union trade agreement and bilateral agreements with counterpart countries. The annual trade and investment conference and exhibition, which was held in North West in 2012/13, provided an opportunity for ICT SMMEs to showcase their products, services and innovations, with a view to attracting interest from the delegates and creating strategic business collaborations. The conference was hosted in partnership with the Department of Trade and Industry. This subprogramme had a staff complement of 6 in 2013/14.

## Expenditure estimates

Table 27.7 International Affairs

R million	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
International Affairs	12.3	16.7	11.8	12.0	-1.1%	34.2%	12.4	13.3	14.1	5.6%	34.4%
ICT Trade/Partnerships	22.9	24.9	32.4	21.3	-2.3%	65.8%	24.4	25.8	27.2	8.5%	65.6%
<b>Total</b>	<b>35.2</b>	<b>41.6</b>	<b>44.2</b>	<b>33.3</b>	<b>-1.9%</b>	<b>100.0%</b>	<b>36.8</b>	<b>39.0</b>	<b>41.3</b>	<b>7.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			-	-	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>18.0</b>	<b>26.2</b>	<b>22.7</b>	<b>16.6</b>	<b>-2.8%</b>	<b>54.1%</b>	<b>20.1</b>	<b>22.3</b>	<b>23.7</b>	<b>12.6%</b>	<b>54.9%</b>
Compensation of employees	10.1	11.8	11.3	11.9	5.8%	29.3%	13.0	14.2	15.1	8.1%	36.0%
Goods and services	8.0	14.4	11.4	4.6	-16.5%	24.9%	7.1	8.1	8.6	22.7%	18.9%
of which:											
Advertising	0.8	0.3	0.1	0.2	-36.2%	0.9%	0.1	0.2	0.2	-8.4%	0.5%
Consultants and professional services: Business and advisory services	0.1	0.3	0.1	0.4	86.0%	0.6%	0.4	0.5	0.5	5.3%	1.2%
Operating leases	0.8	1.0	0.4	0.3	-30.1%	1.6%	0.3	0.3	0.3	5.3%	0.8%
Travel and subsistence	3.5	5.4	7.3	3.1	-3.3%	12.5%	2.9	3.0	3.2	0.7%	8.2%
<b>Transfers and subsidies</b>	<b>17.2</b>	<b>15.4</b>	<b>21.4</b>	<b>16.2</b>	<b>-2.0%</b>	<b>45.4%</b>	<b>16.2</b>	<b>16.2</b>	<b>17.0</b>	<b>1.7%</b>	<b>43.5%</b>
Foreign governments and international organisations	13.7	11.6	21.4	16.2	5.8%	40.7%	16.2	16.2	17.0	1.7%	43.5%
Non-profit institutions	3.5	3.7	-	-	-100.0%	4.7%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.5</b>	<b>150.9%</b>	<b>0.5%</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>5.3%</b>	<b>1.5%</b>
Machinery and equipment	0.0	0.1	0.1	0.5	150.9%	0.5%	0.6	0.6	0.6	5.3%	1.5%
<b>Total</b>	<b>35.2</b>	<b>41.6</b>	<b>44.2</b>	<b>33.3</b>	<b>-1.9%</b>	<b>100.0%</b>	<b>36.8</b>	<b>39.0</b>	<b>41.3</b>	<b>7.5%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	2.5%	2.3%	2.7%	1.4%			2.3%	2.1%	2.0%		

**Table 27.7 International Affairs**

Details of selected transfers and subsidies		Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
		2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million												
<b>Foreign governments and international organisations</b>												
<b>Current</b>		13.7	11.6	21.4	16.2	5.8%	40.7%	16.2	16.2	17.0	1.7%	43.5%
Universal Postal Union		2.8	–	7.4	3.6	8.3%	8.9%	3.6	3.6	3.7	1.7%	9.6%
African Telecommunications Union		1.6	0.7	0.7	0.7	-23.2%	2.4%	0.7	0.7	0.7	1.8%	1.9%
Pan African Postal Union		0.5	0.5	0.7	0.7	13.1%	1.5%	0.7	0.7	0.7	1.7%	1.8%
Organisational Economic Corporation Development		0.1	0.1	0.1	0.1	4.0%	0.3%	0.1	0.1	0.1	1.8%	0.3%
Commonwealth Telecommunication Organisation		0.0	0.2	–	0.3	108.5%	0.3%	0.3	0.3	0.3	1.7%	0.8%
International Telecommunications Union		8.7	10.2	12.5	10.8	7.6%	27.3%	10.8	10.8	11.4	1.7%	29.2%
<b>Non-profit institutions</b>												
<b>Current</b>		3.5	3.7	–	–	-100.0%	4.7%	–	–	–	–	–
New Partnership for Africa's Development e-Africa Commission		3.5	3.7	–	–	-100.0%	4.7%	–	–	–	–	–

## Personnel information

**Table 27.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>International Affairs</b>																			
Salary level	20	1	18	11.3	0.6	18	11.9	0.7	18	13.0	0.7	18	14.2	0.8	18	15.1	0.8	–	100.0%
1 – 6	2	–	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	–	5.6%
7 – 10	6	1	7	2.0	0.3	7	2.1	0.3	7	2.2	0.3	7	2.4	0.3	7	2.0	0.3	–	38.9%
13 – 16	12	–	10	9.0	0.9	10	9.7	1.0	10	10.6	1.1	10	11.6	1.2	10	12.8	1.3	–	55.6%

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

<sup>2</sup>. Rand million.

## Expenditure trends

The spending focus over the medium term will be on: ensuring alignment between South Africa's international activities and agreements in the ICT sector and its foreign policy through funding the country's participation by paying membership fees to international communications organisations; participating in the global discourse within the United Nations system on telecommunications, postal services, information society and green technology; participating in engagements that result in e-skills development initiatives for young South Africans and employment creation projects; and pursuing bilateral engagement with other countries. Thus the bulk of the programme's allocation of the medium term is spent in the *ICT Trade Partnerships* subprogramme, which is responsible for membership fees. Over the medium term, payments will continue to be made to organisations such as the Universal Postal Union, the International Telecommunications Union and the African Telecommunications Union. The department also expects to submit five ICT position papers focusing on promoting South Africa's national ICT interests to relevant forums for international engagements each year.

Expenditure on goods and services decreased significantly between 2010/11 to 2013/14, as lower expenditure on travel and subsistence was incurred because the programme undertook fewer international engagements. Expenditure on consultants increased by 86 per cent between 2010/11 and 2013/14 due to the appointment of a service provider for the SADC conference that the department hosted in February 2014. This programme had a staff complement of 20 posts as at the end of November 2013, 18 of which are currently filled.

## Programme 3: Policy, Research and Capacity Development

### Objectives

- Create an enabling environment for the growth of the ICT sector through policy and legislative reform by:
  - publishing the White Paper on National Integrated ICT Policy by March 2015
  - drafting the National Integrated ICT Bill by March 2016
  - tabling the National Integrated ICT Bill in Parliament by March 2017
  - developing an approved e-strategy by March 2017
  - developing the Public Service Broadcasting Bill by March 2015.
- Provide marginalised communities with banking and financial services through the full corporatising and operationalising of the South African Postbank by March 2015.
- Improve evidence based ICT policy making by collecting and collating relevant ICT data by March 2015
- Issue 3 policy directives to reduce the costs of communication by 2016/17.

### Subprogrammes

- *ICT Policy Development* drafts legislation, regulations, policy and guidelines that govern the broadcasting, telecommunications, postal and IT sectors, thus ensuring broad based economic development within the ICT sector. In 2012/13, consultations were held with National Treasury on Postbank's borrowing, lending, and investment policies. In 2013/14, a green paper for South Africa's national integrated information and communications technology (ICT) policy was developed and the Electronic Communications Amendment Bill, the ICASA Amendment Bill, the South African Post Office SOC Limited Amendment Bill, and the South African Postbank Amendment Bill were submitted to Cabinet for approval. This subprogramme had a staff complement of 20 in 2013/14.
- *Economic and Market Analysis* conducts economic analyses of the broadcasting, telecommunications, postal and IT sectors to determine trends and make growth projections; undertakes market research to explore areas that require policy intervention; and is responsible for reducing communication costs. In 2013/14, the broadband value chain, which covers the related communications and network services, was analysed to find ways of promoting competition and addressing market failures. In addition, network operators and relevant government departments were engaged to explore ways in which communication costs could be reduced, with the operators proposing an industry forum in which the Minister of Communications could engage the ICT sector on pricing matters and other sectoral issues. It is envisaged that this forum will complement the independent role of the Independent Communications Authority of South Africa. This subprogramme had a staff complement of 2 in 2013/14.
- *Research* is responsible for understanding the ICT landscape and delivering a national ICT strategy. In 2012/13, a global benchmarking exercise was conducted with countries in Europe, Asia, North and South America and the Brazil-Russia-India-China-South Africa (BRICS) group of countries on the establishment of a global ICT research council, for which a report has been completed. In 2013/14, activities at the department sponsored African Centre of Excellence for Information Ethics at the University of Pretoria were managed. A provincial seminar on information ethics was also hosted to create a platform to discuss policy development and interpretation related to information ethics and research in Africa and the department developed a report on green ICT initiatives in South Africa. This subprogramme had a staff complement of 9 in 2013/14.
- *Information Society Development* supports the effective and efficient functioning of the information society; and the development of institutional mechanisms, such as the interministerial committee on information society and development, the information society and development intergovernmental relations forum, the forum of South African directors general for information society and development, and the intergovernmental relations forum technical committee. Subsequent to the hosting of the ICT indaba, a programme of action was developed in line with the outcomes to ensure the implementation of the declaration signed by ICT ministers. Broadband, rural connectivity, schools connectivity and e-skills development are some of the initiatives that were advanced in 2013/14. This subprogramme had a staff complement of 39 in 2013/14.

- *Capacity Development* provides direction for the advancement of e-skills graduates and society in general to function effectively in the emerging information society. In 2012/13, an e-skills virtual network for knowledge production and transfer was constructed in Cape Town and is currently being used to test targeted courses developed by the e-Skills Institute. In 2013/14, the iKamva National eSkills Institute, which integrates the e-Skills Institute, the National Electronic Media Institute of South Africa and the Institute for Satellite and Software Applications, was launched that in the future will increase e-skills capacity in South Africa for employability in the knowledge economy. This subprogramme had a staff complement of 14 in 2013/14.

## Expenditure estimates

**Table 27.9 Policy, Research and Capacity Development**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
ICT Policy Development	25.4	23.5	41.8	32.9	9.0%	30.7%	31.1	29.9	31.7	-1.2%	31.6%
Economic and Market Analysis	0.8	1.3	1.9	1.2	16.3%	1.3%	1.3	1.4	1.4	5.3%	1.3%
Research	4.7	4.6	5.1	7.4	16.5%	5.4%	8.5	8.9	9.5	8.8%	8.7%
Information Society Development	34.5	50.0	46.4	34.4	-0.1%	41.0%	42.9	46.4	49.3	12.7%	43.6%
Capacity Development	30.0	25.4	18.1	13.5	-23.3%	21.6%	14.3	15.0	15.9	5.6%	14.8%
<b>Total</b>	<b>95.3</b>	<b>104.8</b>	<b>113.3</b>	<b>89.4</b>	<b>-2.1%</b>	<b>100.0%</b>	<b>98.0</b>	<b>101.6</b>	<b>107.9</b>	<b>6.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				5.0			-	-	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>94.5</b>	<b>103.0</b>	<b>112.5</b>	<b>87.9</b>	<b>-2.4%</b>	<b>98.8%</b>	<b>96.9</b>	<b>100.4</b>	<b>106.6</b>	<b>6.6%</b>	<b>98.7%</b>
Compensation of employees	50.1	51.3	56.6	59.6	5.9%	54.0%	63.2	67.6	72.0	6.5%	66.1%
Goods and services	44.4	51.7	55.9	28.3	-14.0%	44.7%	33.7	32.8	34.6	6.9%	32.6%
of which:											
Advertising	2.1	0.6	3.9	0.5	-39.4%	1.7%	0.6	0.6	0.7	13.2%	0.6%
Consultants and professional services:	20.6	18.4	26.9	15.2	-9.7%	20.1%	11.8	9.9	10.4	-11.9%	11.9%
Business and advisory services											
Operating leases	1.2	0.7	1.2	0.5	-24.7%	0.9%	1.2	1.3	1.4	37.4%	1.1%
Travel and subsistence	7.2	7.9	10.7	3.1	-24.5%	7.1%	6.9	7.2	7.6	35.0%	6.2%
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>0.4</b>	<b>0.2</b>	<b>-</b>	<b>-100.0%</b>	<b>0.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Higher education institutions	-	0.1	0.1	-	-	-	-	-	-	-	-
Non-profit institutions	0.2	0.3	-	-	-100.0%	0.1%	-	-	-	-	-
Households	0.0	0.0	0.1	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.6</b>	<b>1.4</b>	<b>0.6</b>	<b>1.5</b>	<b>39.0%</b>	<b>1.0%</b>	<b>1.1</b>	<b>1.2</b>	<b>1.3</b>	<b>-5.8%</b>	<b>1.3%</b>
Machinery and equipment	0.6	1.4	0.6	1.5	39.0%	1.0%	1.1	1.2	1.3	-5.8%	1.3%
<b>Total</b>	<b>95.3</b>	<b>104.8</b>	<b>113.3</b>	<b>89.4</b>	<b>-2.1%</b>	<b>100.0%</b>	<b>98.0</b>	<b>101.6</b>	<b>107.9</b>	<b>6.5%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>6.7%</b>	<b>5.8%</b>	<b>6.9%</b>	<b>3.8%</b>			<b>6.2%</b>	<b>5.4%</b>	<b>5.2%</b>		

## Personnel information

**Table 27.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment										Number							
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate					Average growth rate (%)	Salary level/total: Average (%)					
		2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Policy, Research and Capacity Development		84	56.6	0.7	84	59.6	0.7	84	63.2	0.8	84	67.6	0.8	84	72.0	0.9	-	100.0%	
Salary level	125																		
1 - 6	4	3	4	0.8	0.2	4	0.8	0.2	4	0.9	0.2	4	0.9	0.2	4	1.0	0.2	-	4.8%
7 - 10	63	5	29	9.1	0.3	29	8.3	0.3	29	8.8	0.3	29	9.4	0.3	29	10.0	0.3	-	34.5%
11 - 12	23	3	22	11.9	0.5	22	12.7	0.6	22	13.5	0.6	22	14.4	0.7	22	15.3	0.7	-	26.2%
13 - 16	35	4	29	34.9	1.2	29	37.9	1.3	29	40.0	1.4	29	42.9	1.5	29	45.7	1.6	-	34.5%

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

<sup>2</sup>. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing support to improve the functioning of information society and promoting the development and use of ICTs through the *Information Society Development* subprogramme. Through the *ICT Policy Development* subprogramme, the programme will also review of ICT policies and legislation. Building on the department's previous work on the integrated ICT policy review, which resulted in the production of the green paper on South Africa's national integrated ICT policy, over the medium term this subprogramme will develop the white paper, which is set to be released by mid-2014.

Consultants are appointed to support the department in the policy and legislative making process. The significant increase in spending on consultants in 2012/13 was mostly due to the appointment of consultants to assist with the proposed transaction between Telkom and Korea Telecom. This also accounts for the significant increase in spending in the *ICT Policy Development* subprogramme in that year. The decrease in expenditure in the *Capacity Development* subprogramme between 2010/11 and 2013/14 was due to the high expenditure on consultants in 2010/11, mostly for the e-skills summit, which the department hosted in July 2010. Expenditure on goods and services also decreased from 2010/11 to 2013/14 as a result of cost cutting measures and reprioritisation towards other programmes in the department.

Spending on consultants is expected to account for a relatively high proportion of the programme's budget over the medium term to provide support to the department in finalising outstanding policies and legislation. This programme had a funded staff complement of 125 at the end of November 2013, of which 84 are currently filled.

## Programme 4: ICT Enterprise Development and SOE Oversight

### Objectives

- Strengthen the performance, good governance and legislative compliance, and ensure the effectiveness and efficiency of all 6 ICT sector public entities by:
  - analysing their quarterly and annual performance reports against their corporate strategic plans and providing recommendations within 30 days of receipt, and enforcing compliance with applicable legislation on a regular basis
  - analysing their expenditure patterns against financial allocations and projections on an ongoing basis
  - facilitating the alignment of all corporate strategic plans to reflect the outputs and outcomes as outlined in government priorities and mandates, annually.
- Accelerate socioeconomic development through facilitating the growth and development of ICT SMMEs and improve their sustainability by:
  - loading business profiles of 60 SMMEs onto the e-commerce platform by March 2015
  - compiling 4 quarterly reports on job creation through the implementation of relevant ICT projects in the communications portfolio by March 2015
  - compiling 4 quarterly reports on how small medium micro enterprises are benefiting from ICT state owned entities and the department by March 2015.

### Subprogrammes

- *Public Entity Oversight* provides oversight of state owned enterprises by managing government's shareholder interests in public enterprises. This includes facilitating entities' corporate plans and ensuring that planning cycles are aligned and comply with guidelines. In 2013/14, R1.1 billion was transferred to public entities, the development of budgets for entities over the medium term were facilitated along with engagements to discuss entities' additional funding requests, quarterly reports were analysed and feedback was given to the entities. This subprogramme had a staff complement of 4 in 2013/14.
- *Small Medium and Micro Enterprise Development* facilitates the growth and development of ICT SMMEs through a comprehensive capacity building programme. In 2012/13, the Minister of Communications approved the King III compliance scorecard, which will be used to measure compliance by the state owned enterprises within the department. In 2013/14, a company was appointed to host the e-commerce platform

and the process of adding content, covering agriculture, tourism and arts and craft sectors is continuing. 87 SMMEs have been capacitated on the use of the platform and their business profiles and offerings have been uploaded. Quarterly reports have also been developed on job creation through the implementation of relevant ICT projects. This subprogramme had a staff complement of 3 in 2013/14.

- *ICT Support* administers and manages the transfers to the .za domain and hosts the 112 emergency call centre programme. The implementation of the 112 emergency call centre has been put on hold, as the department has reprioritised the allocations towards the broadcasting digital migration process. This subprogramme had a staff complement of 5 in 2013/14.

## Expenditure estimates

Table 27.11 ICT Enterprise Development and SOE Oversight

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Public Entity Oversight	1 030.7	799.3	815.4	744.1	-10.3%	97.7%	704.6	737.4	776.4	1.4%	97.9%
Small Medium and Micro Enterprise Development	3.7	13.3	15.8	9.4	36.0%	1.2%	6.3	6.7	7.2	-8.6%	1.0%
ICT Support	4.8	16.8	8.0	7.6	16.7%	1.1%	8.3	8.7	9.1	6.1%	1.1%
<b>Total</b>	<b>1 039.2</b>	<b>829.3</b>	<b>839.2</b>	<b>761.1</b>	<b>-9.9%</b>	<b>100.0%</b>	<b>719.2</b>	<b>752.7</b>	<b>792.7</b>	<b>1.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(368.2)			(410.6)	(423.8)	(108.1)		

### Economic classification

<b>Current payments</b>	<b>11.8</b>	<b>32.4</b>	<b>26.5</b>	<b>20.8</b>	<b>20.6%</b>	<b>2.6%</b>	<b>22.3</b>	<b>23.3</b>	<b>24.6</b>	<b>5.8%</b>	<b>3.0%</b>
Compensation of employees	6.4	7.1	8.0	11.7	22.6%	1.0%	10.7	11.7	12.4	2.0%	1.5%
Goods and services	5.5	25.3	18.4	9.0	18.2%	1.7%	11.6	11.7	12.2	10.5%	1.5%
of which:											
Advertising	0.6	2.8	0.0	0.2	-34.8%	0.1%	0.2	0.2	0.2	5.4%	-
Consultants and professional services:	2.8	20.0	15.7	3.3	5.4%	1.2%	5.4	5.3	5.5	18.1%	0.6%
Business and advisory services											
Operating leases	0.1	0.1	0.1	0.1	18.9%	-	0.1	0.1	0.2	5.3%	-
Travel and subsistence	1.2	1.3	1.4	1.7	12.9%	0.2%	1.8	1.8	1.9	5.0%	0.2%
<b>Transfers and subsidies</b>	<b>1 027.2</b>	<b>796.7</b>	<b>812.7</b>	<b>739.2</b>	<b>-10.4%</b>	<b>97.3%</b>	<b>696.3</b>	<b>728.7</b>	<b>767.4</b>	<b>1.3%</b>	<b>96.9%</b>
Departmental agencies and accounts	430.3	472.4	545.2	548.1	8.4%	57.5%	531.1	555.8	585.3	2.2%	73.4%
Public corporations and private enterprises	596.8	324.2	267.4	191.1	-31.6%	39.8%	165.2	172.9	182.1	-1.6%	23.5%
Non-profit institutions	-	-	0.1	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>	<b>1.1</b>	<b>71.8%</b>	<b>-</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>	<b>-14.1%</b>	<b>0.1%</b>
Machinery and equipment	0.2	0.0	0.0	1.1	78.2%	-	0.6	0.7	0.7	-14.1%	0.1%
Software and other intangible assets	0.0	0.2	-	-	-100.0%	-	-	-	-	-	-
<b>Total</b>	<b>1 039.2</b>	<b>829.3</b>	<b>839.2</b>	<b>761.1</b>	<b>-9.9%</b>	<b>100.0%</b>	<b>719.2</b>	<b>752.7</b>	<b>792.7</b>	<b>1.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>72.9%</b>	<b>46.3%</b>	<b>50.8%</b>	<b>32.1%</b>			<b>45.1%</b>	<b>39.9%</b>	<b>38.2%</b>		

### Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	430.3	472.4	545.2	548.1	8.4%	57.5%	531.1	555.8	585.3	2.2%	73.4%
Independent Communications Authority of South Africa	290.9	313.4	405.8	390.7	10.3%	40.4%	376.2	393.6	414.5	2.0%	52.1%
National Electronic Media Institute of South Africa	32.6	33.5	34.1	50.7	15.9%	4.4%	37.9	39.6	41.7	-6.3%	5.6%
Universal Service and Access Agency of South Africa	66.7	83.2	59.8	60.1	-3.4%	7.8%	65.4	68.5	72.1	6.3%	8.8%
Universal Service and Access Fund	38.6	40.9	44.0	45.0	5.3%	4.9%	50.0	52.4	55.2	7.0%	6.7%
.za Domain Name Authority	1.5	1.5	1.5	1.6	1.8%	0.2%	1.7	1.8	1.8	5.3%	0.2%

Table 27.11 ICT Enterprise Development and SOE Oversight

R million	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>596.8</b>	<b>324.2</b>	<b>267.4</b>	<b>191.1</b>	<b>-31.6%</b>	<b>39.8%</b>	<b>165.2</b>	<b>172.9</b>	<b>182.1</b>	<b>-1.6%</b>	<b>23.5%</b>
South African Post Office	306.1	180.4	52.0	-	-100.0%	15.5%	-	-	-	-	-
South African Broadcasting Corporation: Channel Africa	38.9	41.2	43.3	44.7	4.7%	4.8%	47.4	49.6	52.3	5.4%	6.4%
South African Broadcasting Corporation: Public broadcaster	230.0	84.9	154.2	127.1	-17.9%	17.2%	97.2	101.8	107.2	-5.5%	14.3%
Telkom: 2010 FIFA World Cup	-	-	-	-	-	-	-	-	-	-	-
South African Broadcasting Corporation: Community radio stations	6.9	7.7	8.0	8.8	8.9%	0.9%	9.4	9.8	10.3	5.3%	1.3%
South African Broadcasting Corporation: Programme productions	15.0	10.0	10.0	10.6	-11.1%	1.3%	11.2	11.7	12.3	5.3%	1.5%

## Personnel information

Table 27.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014	Number of posts funded additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
		Actual			Revised estimate			Medium-term expenditure estimate					Average growth rate (%)	Salary level/total: Average (%)					
		2012/13			2013/14			2014/15		2015/16		2016/17							
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
ICT Enterprise Development and SOE Oversight	16	-	12	8.0	0.7	12	11.7	1.0	12	10.7	0.9	12	11.7	1.0	12	12.4	1.0	-	100.0%
7 - 10	5	-	4	1.1	0.3	4	1.2	0.3	4	1.3	0.3	4	1.4	0.3	4	1.5	0.4	-	33.3%
11 - 12	2	-	3	1.6	0.5	3	1.7	0.6	3	1.8	0.6	3	3.4	1.1	3	3.6	1.2	-	25.0%
13 - 16	8	-	5	5.3	1.1	5	8.8	1.8	5	7.6	1.5	5	6.9	1.4	5	7.4	1.5	-	41.7%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on continuing to strengthen the department's ability to exercise oversight over the public entities, making transfers to public entities, and facilitating the development of ICT SMMEs. Thus, over the medium term, the department expects to continue interventions such as establishing ICT hubs in underserved provinces such as Limpopo and Free State. It will also focus on e-commerce, export readiness and the broadcasting digital migration value chain. This also accounts for the increases in the *ICT Support* and *Small Medium and Micro Enterprise Development* subprogrammes over the medium term. The department appointed a service provider to assist with the establishment of the ICT hubs, which explains the increase in spending on consultants in 2011/12.

As such, 93.5 per cent of the programme's allocation over the medium is transferred to the department's public entities and enterprises, while a significant portion of the balance is spent on consultants who provide critical skills, particularly with regard to ICT research, implementing ICT hubs around the country and the broadcasting digital migration project in 2016/17.

Expenditure on transfers to public corporations and private enterprises decreased significantly between 2010/11 and 2013/14, due to the final allocation to the South African Broadcasting Corporation for the technology programme in 2010/11 and the South African Post Office in 2012/13 for universal access. Expenditure on transfers to departmental agencies and accounts increased between 2010/11 and 2013/14 due to allocations in 2012/13 to fund office equipment and relocation costs for the Independent Communications Authority of South Africa, and National Electronic Media Institute of South Africa's implementation of e-skills programmes. The transfer for the e-skills programmes included a once-off additional allocation of R15 million, which is why expenditure on transfers to departmental agencies is projected to increase at a slower rate over the medium term.

The allocations to the Universal Service and Access Agency of South Africa for the broadcasting digital migration project have been shifted to the *Infrastructure Support* programme. This has been done to create better transparency in reporting by consolidating the funding for the project in a single programme.

This programme has a funded staff complement of 16 posts, 12 of which are projected to be filled at the end of 2013/14.

## Programme 5: ICT Infrastructure Support

### Objectives

- Facilitate broadcasting digital migration from analogue to digital television by:
  - allocating 676 000 subsidised digital set top boxes to subsidy scheme recipients by March 2015
  - switching off 63 analogue transmitter sites nationally by March 2015
  - transferring required funding for the rollout of digital infrastructure to Sentech by March 2015.
- Increase broadband coverage by completing the four phases of the national broadband implementation plan, developing the digital opportunity plan and digital development plan by March 2014, and the digital readiness plan and digital future plan by 31 December 2014.
- Increase cybersecurity across South Africa through establishing a cybersecurity hub in Pretoria in order to support a secure broadband infrastructure by March 2015.

### Subprogrammes

- Broadband* is responsible for developing and facilitating the implementation of the ICT infrastructure broadband strategy and implementation plan, and ensures that broadband goals are achieved. A revised broadband policy was developed in 2012/13. In 2013/14, a broadband stakeholder consultation workshop was held to solicit the views of industry, experts, government and civil society. A revised broadband policy, strategy and implementation plan was approved by Cabinet in December 2013. This subprogramme had a staff complement of 38 in 2013/14.
- Digital Terrestrial Television* is responsible for making transfers to Sentech to roll out ICT infrastructure for the migration of signal distribution from analogue to digital. Other allocations under this programme include transfers to the South African Broadcasting Corporation for its digital terrestrial television projects, funding for the set top box subsidy including antennas and installation, and the envisaged broadband digital migration call centre to deal with queries on the migration process.

### Expenditure estimates

Table 27.13 ICT Infrastructure Support

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14						
Broadband	27.7	38.4	48.5	419.8	147.5%	21.6%	68.2	72.0	162.5	-27.1%	20.9%
Digital Terrestrial Television	73.2	612.2	396.9	852.5	126.7%	78.4%	454.8	697.0	732.6	-4.9%	79.1%
<b>Total</b>	<b>100.9</b>	<b>650.6</b>	<b>445.4</b>	<b>1 272.2</b>	<b>132.8%</b>	<b>100.0%</b>	<b>523.0</b>	<b>769.0</b>	<b>895.1</b>	<b>-11.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				691.4			397.5	710.7	108.1		
<b>Economic classification</b>											
<b>Current payments</b>	<b>29.4</b>	<b>41.6</b>	<b>49.2</b>	<b>420.1</b>	<b>142.6%</b>	<b>21.9%</b>	<b>149.8</b>	<b>151.7</b>	<b>161.0</b>	<b>-27.4%</b>	<b>25.5%</b>
Compensation of employees	18.2	17.4	10.5	33.6	22.6%	3.2%	28.9	30.1	32.6	-1.0%	3.6%
Goods and services	11.2	24.2	38.8	386.5	225.7%	18.7%	120.9	121.6	128.4	-30.7%	21.9%
of which:											
Advertising	0.3	0.0	0.2	0.1	-32.6%	-	0.1	0.1	0.1	5.2%	-
Consultants and professional services:	2.9	16.3	24.8	375.5	403.8%	17.0%	64.3	62.3	110.7	-33.4%	17.7%
Business and advisory services											
Operating leases	0.2	0.2	0.2	0.5	48.0%	-	0.8	0.9	0.9	19.6%	0.1%
Travel and subsistence	2.6	3.8	2.3	3.5	10.6%	0.5%	5.7	5.4	5.7	17.8%	0.6%

Table 27.13 ICT Infrastructure Support

R million	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Transfers and subsidies</b>	<b>71.1</b>	<b>608.9</b>	<b>396.1</b>	<b>851.3</b>	<b>128.8%</b>	<b>78.1%</b>	<b>371.8</b>	<b>615.9</b>	<b>732.6</b>	<b>-4.9%</b>	<b>74.3%</b>
Departmental agencies and accounts	-	220.0	230.0	240.0	-	27.9%	240.0	551.0	664.3	40.4%	49.0%
Public corporations and private enterprises	71.1	388.9	165.8	611.3	104.9%	50.1%	131.8	64.9	68.3	-51.8%	25.3%
Non-profit institutions	-	-	0.2	-	-	-	-	-	-	-	-
Households	0.0	0.0	0.1	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.1</b>	<b>0.0</b>	<b>0.9</b>	<b>29.8%</b>	<b>0.1%</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>20.6%</b>	<b>0.1%</b>
Machinery and equipment	0.3	0.1	0.0	0.9	35.3%	0.1%	1.4	1.4	1.5	20.6%	0.1%
<b>Total</b>	<b>100.9</b>	<b>650.6</b>	<b>445.4</b>	<b>1 272.2</b>	<b>132.8%</b>	<b>100.0%</b>	<b>523.0</b>	<b>769.0</b>	<b>895.1</b>	<b>-11.1%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>7.1%</b>	<b>36.3%</b>	<b>27.0%</b>	<b>53.6%</b>			<b>32.8%</b>	<b>40.7%</b>	<b>43.1%</b>		

## Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current											
Universal Service and Access Fund: Broadcasting digital migration	-	220.0	230.0	240.0	-	27.9%	240.0	551.0	664.3	40.4%	49.0%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
Current											
South African Broadcasting Corporation: Digital migration project	-	-	-	76.0	-	3.1%	62.0	64.9	68.3	-3.5%	7.8%
<b>Capital</b>	<b>71.0</b>	<b>388.9</b>	<b>165.8</b>	<b>535.3</b>	<b>96.1%</b>	<b>47.0%</b>	<b>69.8</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>17.5%</b>
Sentech: Digitisation	71.0	268.9	165.8	423.3	81.3%	37.6%	69.8	-	-	-100.0%	14.3%
Sentech: African Nations Championship	-	-	-	6.0	-	0.2%	-	-	-	-100.0%	0.2%
Sentech: Digital terrestrial television (dual illumination)	-	120.0	-	106.0	-	9.2%	-	-	-	-100.0%	3.1%

## Personnel information

Table 27.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
<b>Infrastructure Support</b>																			
<b>Salary level</b>	<b>47</b>	<b>4</b>	<b>38</b>	<b>10.5</b>	<b>0.3</b>	<b>38</b>	<b>33.6</b>	<b>0.9</b>	<b>38</b>	<b>28.9</b>	<b>0.8</b>	<b>38</b>	<b>30.1</b>	<b>0.8</b>	<b>38</b>	<b>32.6</b>	<b>0.9</b>	<b>-</b>	<b>100.0%</b>
1 - 6	-	2	2	0.4	0.2	2	2.6	1.3	2	1.7	0.9	2	1.9	0.9	2	2.0	1.0	-	5.3%
7 - 10	17	1	14	3.9	0.3	14	13.5	1.0	14	12.2	0.9	14	12.6	0.9	14	13.4	1.0	-	36.8%
11 - 12	11	-	10	2.8	0.3	10	7.3	0.7	10	7.8	0.8	10	8.1	0.8	10	8.6	0.9	-	26.3%
13 - 16	19	1	12	3.4	0.3	12	10.2	0.8	12	7.1	0.6	12	7.6	0.6	12	8.6	0.7	-	31.6%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on implementing the broadband policy, finalising the broadband implementation plan, and making transfers of the set top box subsidy for poor households through the Universal Service and Access Agency of South Africa. The transfer to the agency is the reason for the significant spending projected over the medium term in the *Digital Terrestrial Television* subprogramme. Between 2011/12 and 2013/14, R690 million was transferred to the agency to cover the subsidies for the set top boxes. These funds remain unused due to a delay in finalising the criteria to determine qualifying households and the court case around the set top box mechanism. The funds have been retained for use over the medium term. An additional R700 million has been made available under the *Digital Terrestrial Television* subprogramme to enable the agency to roll out the set top boxes, antenna and installation over the medium term.

Funds have also been reprioritised towards planning for the broadband rollout, which accounts for the strong growth in the *Broadband* subprogramme over the medium term. The department also aims to finalise government's policy on radio frequency spectrum in the next few months. The release of high demand spectrum has the potential to play an important role in improving access to wireless broadband. The large increase in external audit costs in 2012/13 is due to performance audits carried out on the national frequency spectrum in order to determine if it was used efficiently.

Spending on travel and subsistence is expected to increase to R5.7 million in 2016/17 due to increased travelling relating to the implementation of the digital terrestrial television project. This project also increased spending on transfers to Sentech between 2010/11 and 2013/14, as funding was made available for digitisation in support of government's target to switch off the analogue signal in June 2015. Over the medium term, expenditure is projected to decrease significantly due to the final allocation to Sentech for digital terrestrial television in 2014/15.

The national cybersecurity policy framework was approved by Cabinet, and mandates the establishment of a cybersecurity hub in terms of the justice, crime prevention and security cluster. The department entered into a memorandum of understanding with the Council for Scientific and Industrial Research to establish this hub, which further accounts for the large increase in consultants in 2011/12. Expenditure on consultants increased significantly between 2010/11 and 2013/14, due to an additional allocation received through the adjustments budget for school connectivity, and for service providers who assisted the department to develop the report on baseline data on broadband coverage, penetration, speed and cost, and implementing a testing centre for set top boxes. In addition, the increase in spending on goods and services over the medium term, particularly on consultants, is as a result of funds from the 112 emergency call centre project being reprioritised to the broadcast digital migration project, which will include a call centre to deal with queries related to the migration process. To give effect to Cabinet approved budget reductions, R15 million over the medium term has been reduced from spending on consultants. This programme had a staff complement of 47 funded posts at the end of November 2013, of which 38 are envisaged to be filled by 2014/15.

## **Public entities and other agencies**

### **South African Broadcasting Corporation**

#### **Mandate and goals**

The South African Broadcasting Corporation is listed as a schedule 2 public entity in terms of the Public Finance Management Act (1999). Its mandate is set out in its charter and in the Broadcasting Act (1999), which requires it to provide radio and television broadcasting services to South Africa.

The corporation's strategic goals over the medium term are to:

- ensure access of its services to all citizens throughout the country
- inform, educate and entertain and provide services in all official languages
- reflect both the unity and diverse cultural and multilingual nature of South Africa and all of its cultures and regions, to audiences
- provide programming for children, women, youth and people with disabilities, and broadcast national, developmental and minority sports
- develop talent and showcase South African content
- provide independent news of high quality standards
- ensure the financial sustainability of the corporation through the cost effective use of budgets and resources
- implement the digital content strategy
- complete the digital migration and multi-channel offering.

## Selected performance indicators

Table 27.15 South African Broadcasting Corporation

Indicator <sup>1</sup>	Programme/ Activity/Objective	Past			Current	Projections		
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Value of operational expenditure: Digital terrestrial television per year	Digital terrestrial migration	– <sup>2</sup>	– <sup>2</sup>	0 <sup>3</sup>	R70m	R130m	R250mn	R1.5bn
Local content as a percentage of total public broadcasting service television per year	Local content delivery	75%	75%	75%	75%	75%	75%	75%
Local content as a percentage of total public commercial broadcasting service television	Local content delivery	35%	35%	35%	35%	35%	35%	35%
Local content as a percentage of total public broadcasting service radio	Local content delivery	70%	70%	70%	70%	70%	70%	70%
Local content as a percentage of total public commercial broadcasting service radio	Local content delivery	45%	45%	45%	45%	45%	45%	45%
Number of low power television transmitters switched on per year	Universal access transmitter rollout	426	300	300	300	367	– <sup>4</sup>	– <sup>4</sup>
Number of low power radio transmitters switched on per year	Universal access transmitter rollout	105	100	100	100	100	– <sup>4</sup>	– <sup>4</sup>

1. The entity is reviewing objectives in order to align it to its corporate plan, which means that new programmes and existing programmes and special projects will be absorbed into others. Thus the current performance indicators will be different in the upcoming reporting period.

2. No data in 2010/11 and 2011/12 as the project was delayed and the amounts reflected in the previous year were incorrect.

3. The operational expenditure on digital terrestrial television per year was zero in 2012/13 due to implementation delays. Thus the target was not achieved.

4. No data is available for 2015/16 and 2016/17 as the projects will be completed in 2014/15. Furthermore, the rollout of low power transmitter has been placed on hold.

## Programmes/activities/objectives

Table 27.16 South African Broadcasting Corporation

	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17			
R million												
Administration	1 114.5	1 233.1	1 350.5	1 609.6	13.0%	20.2%	1 801.5	1 876.6	1 952.8	6.7%	22.6%	
Local content delivery	2 259.1	2 228.8	2 220.8	2 466.4	3.0%	35.1%	2 620.2	2 754.7	2 905.6	5.6%	33.6%	
Local content delivery	696.4	850.3	846.1	916.0	9.6%	12.6%	939.8	986.8	1 036.8	4.2%	12.1%	
Universal access transmitter rollout	505.9	542.0	576.2	671.4	9.9%	8.7%	748.3	744.2	821.6	7.0%	9.3%	
Sports of national interest and mandate	793.9	493.7	705.2	683.3	-4.9%	10.3%	727.1	769.5	802.3	5.5%	9.3%	
Digital terrestrial migration	788.6	844.3	841.5	937.6	5.9%	13.0%	1 027.4	1 085.7	1 123.0	6.2%	13.0%	
<b>Total expense</b>	<b>6 158.4</b>	<b>6 192.3</b>	<b>6 540.3</b>	<b>7 284.3</b>	<b>5.8%</b>	<b>100.0%</b>	<b>7 864.3</b>	<b>8 217.6</b>	<b>8 642.0</b>	<b>5.9%</b>	<b>100.0%</b>	

## Expenditure estimates

Table 27.17 South African Broadcasting Corporation

Statement of financial performance	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17			
R million												
<b>Revenue</b>												
<b>Non-tax revenue</b>	<b>5 363.5</b>	<b>6 003.5</b>	<b>6 234.4</b>	<b>6 618.1</b>	7.3%	90.5%	<b>7 023.1</b>	<b>7 336.1</b>	<b>7 676.7</b>	5.1%	90.8%	
Sale of goods and services other than capital assets	5 298.4	5 931.1	6 080.2	6 533.0	7.2%	89.1%	6 969.2	7 300.0	7 638.4	5.3%	90.1%	
of which:												
Administrative fees	911.8	932.0	957.8	1 011.8	3.5%	14.3%	1 106.7	1 155.5	1 207.3	6.1%	14.2%	
Sales by market establishment	4 386.6	4 999.1	5 122.4	5 521.3	8.0%	74.8%	5 862.5	6 144.4	6 431.1	5.2%	75.9%	
Other non-tax revenue	65.1	72.4	154.2	85.0	9.3%	1.4%	53.9	36.1	38.2	-23.4%	0.7%	
<b>Transfers received</b>	<b>665.6</b>	<b>532.2</b>	<b>635.4</b>	<b>688.5</b>	1.1%	9.5%	<b>744.4</b>	<b>730.3</b>	<b>744.6</b>	2.6%	9.2%	
<b>Total revenue</b>	<b>6 029.2</b>	<b>6 535.7</b>	<b>6 869.8</b>	<b>7 306.6</b>	<b>6.6%</b>	<b>100.0%</b>	<b>7 767.5</b>	<b>8 066.4</b>	<b>8 421.3</b>	<b>4.8%</b>	<b>100.0%</b>	

Table 27.17 South African Broadcasting Corporation

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
<b>Statement of financial performance</b>											
<b>Expenses</b>											
<b>Current expenses</b>	<b>6 087.7</b>	<b>6 089.5</b>	<b>6 427.7</b>	<b>7 229.9</b>	<b>5.9%</b>	<b>98.7%</b>	<b>7 806.5</b>	<b>8 156.5</b>	<b>8 577.6</b>	<b>5.9%</b>	<b>99.3%</b>
Compensation of employees	1 481.9	1 576.0	1 762.2	2 166.7	13.5%	26.6%	2 320.6	2 461.9	2 612.1	6.4%	29.9%
Goods and services	4 192.7	4 144.6	4 305.4	4 744.3	4.2%	66.5%	5 145.8	5 346.1	5 638.8	5.9%	65.2%
Depreciation	294.2	266.9	284.1	296.3	0.2%	4.4%	325.0	337.2	307.7	1.3%	4.0%
Interest, dividends and rent on land	118.9	101.9	76.0	22.5	-42.6%	1.3%	15.2	11.4	18.9	-5.7%	0.2%
<b>Transfers and subsidies</b>	<b>60.9</b>	<b>73.3</b>	<b>89.6</b>	<b>29.4</b>	<b>-21.5%</b>	<b>1.0%</b>	<b>57.8</b>	<b>61.0</b>	<b>64.4</b>	<b>29.8%</b>	<b>0.7%</b>
<b>Total expenses</b>	<b>6 158.4</b>	<b>6 192.3</b>	<b>6 540.3</b>	<b>7 284.3</b>	<b>5.8%</b>	<b>100.0%</b>	<b>7 864.3</b>	<b>8 217.6</b>	<b>8 642.0</b>	<b>5.9%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>(129.0)</b>	<b>343.0</b>	<b>330.0</b>	<b>22.0</b>	<b>-155.5%</b>		<b>(97.0)</b>	<b>(151.0)</b>	<b>(221.0)</b>	<b>-315.8%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	1 657.4	1 496.0	1 337.5	1 220.3	-9.7%	31.5%	1 242.4	1 252.8	1 293.4	2.0%	32.1%
<i>of which:</i>											
Acquisition of assets	115.2	104.5	124.7	180.0	16.1%	2.9%	350.0	350.0	350.0	24.8%	8.0%
Investments	854.4	1 095.6	1 018.8	1 336.9	16.1%	24.0%	896.8	605.8	758.0	-17.2%	22.7%
Inventory	932.5	866.8	689.6	554.8	-15.9%	16.7%	677.0	655.8	632.4	4.5%	16.2%
Receivables and prepayments	961.1	1 034.9	927.9	1 077.4	3.9%	22.2%	1 055.8	1 107.4	1 161.8	2.5%	28.2%
Cash and cash equivalents	108.8	217.7	207.4	20.0	-43.1%	3.0%	20.0	20.0	20.0	-	0.5%
Defined benefit plan assets	226.6	155.3	69.2	-	-100.0%	2.4%	-	-	-	-	-
Derivatives financial instruments	4.8	4.8	6.8	6.8	11.7%	0.1%	6.8	6.8	6.8	-	0.2%
<b>Total assets</b>	<b>4 745.5</b>	<b>4 871.0</b>	<b>4 257.2</b>	<b>4 216.2</b>	<b>-3.9%</b>	<b>100.0%</b>	<b>3 898.9</b>	<b>3 648.5</b>	<b>3 872.3</b>	<b>-2.8%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	848.2	1 115.8	1 333.9	1 303.4	15.4%	25.8%	1 206.4	1 054.9	844.4	-13.5%	28.1%
Capital and reserves	2.5	3.1	5.8	5.8	32.9%	0.1%	5.8	5.8	5.8	-	0.1%
Capital reserve fund	507.2	435.7	280.0	346.8	-11.9%	8.6%	326.7	260.7	209.7	-15.4%	7.3%
Borrowings	1 179.1	788.4	359.7	-	-100.0%	12.4%	-	-	344.7	-	2.2%
Finance lease	167.7	389.0	57.0	175.8	1.6%	4.3%	0.2	-	-	-100.0%	1.0%
Deferred income	130.3	122.8	191.8	115.4	-4.0%	3.1%	115.4	115.4	115.4	-	3.0%
Trade and other payables	990.3	932.8	694.5	781.3	-7.6%	18.7%	899.6	900.9	931.1	6.0%	22.6%
Taxation	57.2	63.0	68.9	-	-100.0%	1.0%	-	-	-	-	-
Provisions	835.7	993.0	1 237.7	1 360.2	17.6%	24.8%	1 317.2	1 283.4	1 393.7	0.8%	34.3%
Derivatives financial instruments	27.4	27.4	28.0	127.6	67.0%	1.2%	27.6	27.6	27.6	-40.0%	1.3%
<b>Total equity and liabilities</b>	<b>4 745.5</b>	<b>4 871.0</b>	<b>4 257.2</b>	<b>4 216.2</b>	<b>-3.9%</b>	<b>100.0%</b>	<b>3 898.9</b>	<b>3 648.5</b>	<b>3 872.3</b>	<b>-2.8%</b>	<b>100.0%</b>

## Personnel information

Table 27.18 South African Broadcasting Corporation

Salary level	Number of posts estimated for 31 March 2014	Number of posts on approved establishment	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment												Number				
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost
			Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost	
	3 720	3 720	3 687	1 762.2	0.5	3 621	2 166.7	0.6	3 720	2 320.6	0.6	3 720	2 461.9	0.7	3 661	2 612.1	0.7	6.4%	100.0%
7 - 10	2 569	2 569	2 537	939.1	0.4	2 483	1 145.4	0.5	2 570	1 226.7	0.5	2 570	1 301.4	0.5	2 511	1 380.8	0.5	6.4%	68.8%
11 - 12	989	989	989	653.7	0.7	985	802.9	0.8	996	859.9	0.9	996	912.3	0.9	996	968.0	1.0	6.4%	27.0%
13 - 16	162	162	161	169.4	1.1	153	218.4	1.4	154	233.9	1.5	154	248.2	1.6	154	263.3	1.7	6.4%	4.2%

1. Rand million.

## Expenditure trends

The corporation generates revenues mainly from television licence fees, advertising and sponsorships, as well as a transfer from the department. Over the MTEF period, revenue is expected to increase from R7.3 billion in 2013/14 to R8.4 billion in 2016/17, due to the increase in advertising revenue in line with the new multichannel environment created by the expected rollout of digital terrestrial television.

The spending focus over the MTEF period will be on realigning the organisation's operational model with the digital broadcasting requirements, with an emphasis on audiences, editorial integrity, developing local content, and telling authentic South African stories. Expenditure is expected to increase from R7.3 billion in 2013/14 to

R8.6 billion in 2016/17, mainly due to activities involving improving the corporation's services offered around radio, television, news and sports content. The increase in spending between 2010/11 and 2013/14 was due to higher broadcast costs, signal distribution costs, and the remuneration of freelance artists. Moreover, higher revenue collection costs also contributed to the increasing costs over the same period as the corporation attempted to improve liquidity. At the end of December 2012, the entity had achieved a positive liquidity ratio of above R1 billion and was further able to settle its bank loan by September 2013, 14 months earlier than the expected loan term. This saved the entity R17 million in interest.

The corporation had a funded establishment of 3 720 posts, of which 3 621 were filled at the end of November 2013. The number of filled posts is expected to increase to 3 661 over the medium term, which explains the subsequent increase in spending on compensation of employees by 6.4 per cent between 2013/14 and 2016/17. The additional appointments are to meet the requirements for implementing digital terrestrial television and the organisation's strategy to expand regional content and thus contribute to job creation.

## South African Post Office

### Mandate and goals

The South African Post Office is a schedule 2 public entity in terms of the Public Finance Management Act (1999). It is a government business enterprise established to provide postal and related services to the public, and derives its mandate from the South African Post Office SOC Ltd Act (2011) and the South African Postbank Limited Act (2010). The Postal Services Act (1998) grants it an exclusive mandate to conduct postal services. This act makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations and the financial services activities of Postbank.

The entity's strategic goals over the medium term are to:

- maintain good corporate governance principles
- remain customer centric by providing quality services
- invest in employees by building capacity and implementing transformation programmes
- attain financial sustainability while delivering on government's social mandate
- provide affordable postal and related services that meet the needs of customers
- remain environmentally conscious by promoting green practices
- provide a secure, efficient and integrated infrastructure for better responses to its stakeholders
- continue the corporatisation of Postbank and the upgrading of its banking systems.

### Selected performance indicators

Table 27.19 South African Post Office

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new points of presence per year	Mail, retail and e-business	Outcome 6: An efficient, competitive and responsive infrastructure network	20	50	50	50	50	50	50
Total number of points of presence	Mail, retail and e-business		2 487	2 537	2 497	2 547	2 597	2 647	2 697
Number of new addresses as part of the address expansion	Mail, retail and e-business	Outcome 11: Create a better South Africa and contributing to a better and safer Africa in a better world	1 646 000	1 199 273	1 201 263	1 195 690	1 195 690	1 195 690	1 195 690
Postbank depositor's funds	Postbank		R4bn	R4.3bn	R4.5bn	R4.8bn	R5.1bn	R5.4bn	R5.7bn

### Programmes/activities/objectives

Table 27.20 South African Post Office

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
					2010/11 - 2013/14					2013/14 - 2016/17	
Administration	1 707.3	1 802.6	1 694.1	1 925.2	4.1%	28.3%	2 074.8	1 949.7	2 033.7	1.8%	27.4%
Logistics	574.6	634.3	664.6	678.2	5.7%	10.1%	763.5	818.1	872.8	8.8%	10.7%
Postbank	158.4	151.7	137.5	128.1	-6.8%	2.3%	183.7	193.7	204.3	16.8%	2.4%
Mail, retail and e-business	3 465.5	3 585.5	3 872.0	3 991.3	4.8%	59.2%	4 200.4	4 440.8	4 695.9	5.6%	59.4%
<b>Total expense</b>	<b>5 905.7</b>	<b>6 174.0</b>	<b>6 368.2</b>	<b>6 722.8</b>	<b>4.4%</b>	<b>100.0%</b>	<b>7 222.3</b>	<b>7 402.2</b>	<b>7 806.7</b>	<b>5.1%</b>	<b>100.0%</b>

## Expenditure estimates

Table 27.21 South African Post Office

Statement of financial performance			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)	
Audited outcome						2013/14	2010/11 - 2013/14	2014/15			2015/16
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17	
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>5 717.4</b>	<b>6 151.4</b>	<b>6 137.5</b>	<b>6 440.6</b>	4.0%	97.8%	<b>6 859.1</b>	<b>7 007.7</b>	<b>7 377.0</b>	4.6%	100.0%
Sale of goods and services other than capital assets	5 576.1	5 700.8	5 696.2	5 878.8	1.8%	91.5%	6 324.0	6 696.8	7 079.4	6.4%	93.8%
of which:											
Sales by market establishment	5 576.1	5 700.8	5 696.2	5 878.8	1.8%	91.5%	6 324.0	6 696.8	7 079.4	6.4%	93.8%
Other non-tax revenue	141.3	450.6	441.3	561.7	58.4%	6.3%	535.1	310.9	297.6	-19.1%	6.2%
<b>Transfers received</b>	<b>306.1</b>	<b>180.4</b>	<b>52.0</b>	<b>-</b>	<b>-100.0%</b>	<b>2.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue</b>	<b>6 023.5</b>	<b>6 331.9</b>	<b>6 189.5</b>	<b>6 440.6</b>	<b>2.3%</b>	<b>100.0%</b>	<b>6 859.1</b>	<b>7 007.7</b>	<b>7 377.0</b>	<b>4.6%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>5 836.7</b>	<b>6 081.7</b>	<b>6 368.2</b>	<b>6 722.8</b>	<b>4.8%</b>	<b>99.3%</b>	<b>7 222.0</b>	<b>7 401.2</b>	<b>7 805.7</b>	<b>5.1%</b>	<b>100.0%</b>
Compensation of employees	3 095.4	3 372.0	3 600.6	3 816.6	7.2%	55.1%	4 045.6	4 272.2	4 507.1	5.7%	57.1%
Goods and services	2 473.4	2 464.3	2 533.7	2 648.2	2.3%	40.2%	2 905.3	2 843.3	2 997.4	4.2%	39.1%
Depreciation	187.5	193.9	161.8	188.7	0.2%	2.9%	199.1	209.9	221.2	5.4%	2.8%
Interest, dividends and rent on land	80.4	51.6	72.1	69.3	-4.8%	1.1%	71.9	75.8	79.9	4.9%	1.0%
<b>Total expenses</b>	<b>5 905.7</b>	<b>6 174.0</b>	<b>6 368.2</b>	<b>6 722.8</b>	<b>4.4%</b>	<b>100.0%</b>	<b>7 222.3</b>	<b>7 402.2</b>	<b>7 806.7</b>	<b>5.1%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>118.0</b>	<b>158.0</b>	<b>(179.0)</b>	<b>(282.0)</b>	<b>-233.7%</b>		<b>(363.0)</b>	<b>(394.0)</b>	<b>(430.0)</b>	<b>15.1%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	1 360.9	1 269.3	1 260.4	1 301.2	-1.5%	12.5%	1 345.9	1 395.3	1 450.0	3.7%	12.7%
of which:											
Acquisition of assets	186.7	105.9	158.5	176.4	-1.9%	1.5%	263.8	274.1	289.9	18.0%	2.3%
Investments	3 021.0	4 922.7	4 740.6	5 254.7	20.3%	43.1%	5 580.8	5 939.1	6 309.7	6.3%	53.2%
Inventory	47.4	61.3	50.9	49.8	1.7%	0.5%	48.8	47.9	46.9	-2.0%	0.4%
Receivables and prepayments	625.7	527.7	608.5	596.3	-1.6%	5.7%	584.4	572.7	561.2	-2.0%	5.3%
Cash and cash equivalents	4 756.2	3 277.2	3 276.8	3 076.8	-13.5%	34.8%	2 876.8	2 576.8	2 276.8	-9.6%	25.0%
Non-current assets held for sale	-	0.2	-	-	-	0.0%	-	-	-	-	-
Taxation	285.9	316.9	379.8	422.1	13.9%	3.4%	379.9	341.9	307.7	-10.0%	3.4%
<b>Total assets</b>	<b>10 097.1</b>	<b>10 375.3</b>	<b>10 316.9</b>	<b>10 700.9</b>	<b>2.0%</b>	<b>100.0%</b>	<b>10 816.6</b>	<b>10 873.6</b>	<b>10 952.3</b>	<b>0.8%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	1 602.5	1 761.2	1 582.7	1 300.4	-6.7%	15.1%	937.2	542.7	112.9	-55.7%	6.7%
Capital and reserves	951.8	951.0	950.8	1 155.8	6.7%	9.7%	1 450.9	1 450.9	1 450.9	7.9%	12.7%
Capital reserve fund	237.5	94.6	79.6	39.8	-44.9%	1.1%	-	-	-	-100.0%	0.1%
Finance lease	51.7	60.3	68.9	74.7	13.0%	0.6%	80.6	87.1	94.1	8.0%	0.8%
Deferred income	346.7	373.0	354.9	347.8	0.1%	3.4%	340.9	334.1	327.4	-2.0%	3.1%
Trade and other payables	5 615.7	5 888.2	6 055.1	6 573.2	5.4%	58.1%	6 812.3	7 277.7	7 798.8	5.9%	65.6%
Taxation	28.9	8.9	0.8	0.9	-68.9%	0.1%	0.9	1.0	1.0	5.0%	0.0%
Provisions	1 253.7	1 238.0	1 224.1	1 208.2	-1.2%	11.9%	1 193.8	1 180.1	1 167.3	-1.1%	11.0%
Derivatives financial instruments	8.7	-	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>10 097.1</b>	<b>10 375.3</b>	<b>10 316.9</b>	<b>10 700.9</b>	<b>2.0%</b>	<b>100.0%</b>	<b>10 816.6</b>	<b>10 873.6</b>	<b>10 952.3</b>	<b>0.8%</b>	<b>100.0%</b>

## Personnel information

Table 27.22 South African Post Office

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost						
Salary level	23 560	31 776	15 557	3 600.6	0.2	23 362	3 816.6	0.2	23 408	4 045.6	0.2	23 431	4 272.2	0.2	23 447	4 507.1	0.2	5.7%	100.0%
1 - 6	8 859	10 937	890	434.0	0.5	8 815	456.8	0.1	8 830	484.5	0.1	8 835	513.6	0.1	8 838	544.4	0.1	6.0%	37.7%
7 - 10	9 880	15 086	9 910	1 523.1	0.2	9 871	1 629.7	0.2	9 880	1 727.3	0.2	9 891	1 814.7	0.2	9 901	1 902.2	0.2	5.3%	42.2%
11 - 12	4 625	5 498	4 579	1 491.5	0.3	4 498	1 570.0	0.3	4 510	1 664.2	0.4	4 517	1 764.0	0.4	4 520	1 869.9	0.4	6.0%	19.3%
13 - 16	196	255	178	152.0	0.9	178	160.0	0.9	188	169.6	0.9	188	179.8	1.0	188	190.6	1.0	6.0%	0.8%

1. Rand million.

## Expenditure trends

The entity generates revenue from the provision of postal, courier, and banking services, and from interest and financial transaction fees. The post office received a government subsidy to fund the universal services obligations and investment in infrastructure, but this came to an end in 2012/13. Revenue increased marginally by 2.3 per cent between 2010/11 and 2013/14 as a result of difficult trading conditions, declining mail volumes and lower interest rates. Revenue growth over the medium term is projected to increase at 4.6 per cent, from R6.4 billion in 2013/14 to R7.4 billion in 2016/17, due to the expected growth in income from the postal service, courier and banking services and financial transaction fees.

The spending focus over the medium term will be on continuing to provide for universal access obligations by creating 50 new post office points of presence per year, increasing the number of addresses to allow wider access to postal and financial services in the underserved areas, and continuing with the corporatisation of Postbank. This provides for increasing the number of service points from 2 597 in 2014/15 to 2 697 in 2016/17, and the growth in Postbank depositor funds from R5.1 billion in 2014/15 to R5.7 billion in 2016/17. As a result, spending on the acquisition of assets remains high over the medium term.

The increase in expenditure of 4.4 per cent between 2010/11 and 2013/14 can be attributed to yearly inflation related adjustments to salaries, property costs and transport costs. Prudent cost management over this period, such as on transport, property, communication and security, has limited the expenditure increase. Expenditure over the medium term is expected to increase by 5.1 per cent, while staff costs are expected to increase by 5.7 per cent over the medium term to R4.5 billion in 2016/17. This is due to the entity's plans to increase its establishment to 23 447 by 2016/17 to meet the anticipated increase in demand for postal and financial services as the sector recovers. 23 362 posts in the entity's funded establishment of 23 560 posts in 2013 were filled.

## Sentech

### Mandate and goals

Sentech Limited is a state owned enterprise established in terms of the Sentech Act (1996) and is listed as a schedule 3B public entity in terms of the Public Finance Management Act (1999). The company is mandated to provide broadcasting signal distribution for broadcasting licensees, with a particular focus on accelerating the implementation of government ICT interventions within the framework of the national development plan and the strategic integrated project for expanding access to communication technology.

The entity's strategic goals over the medium term are to:

- align its strategic roadmap with shareholder programmes to enable the development of open access government participation in the communications industry through infrastructure based investment
- continue working to support and realise government's ICT vision and goals, including innovation in broadcasting and media services and content management and distribution
- create solutions that enhance the customer experience and are in line with government's mandate of providing all citizens with access to communication services
- repackage social responsibility interventions and create community social investment ICT programmes that improve lives, create value and are sustainable.

### Selected performance indicators

Table 27.23 Sentech

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage household coverage of digital television transmission infrastructure	Attain digital terrestrial television network objectives	Outcome 6: An efficient, competitive and responsive infrastructure network	60%	70%	80%	96%	100%	100%	100%
Terrestrial analogue television (measured by percentage availability)	Attain digital terrestrial television network objectives		100%	100%	100%	100%	100%	100%	100%
Digital terrestrial television (measured by percentage availability)	Attain digital terrestrial television network objectives		99%	100%	100%	100%	100%	100%	100%

Table 27.23 Sentech

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new radio transmitters switched on per year	Attain digital terrestrial television network objectives	Outcome 6: An efficient, competitive and responsive infrastructure network	10	10	10	10	21	21	21
Number of new television transmitters switched on per year	Attain digital terrestrial television network objectives		90	10	10	280	-1	-1	-1

1. The project is expected to be complete in 2013/14.

## Programmes/activities/objectives

Table 27.24 Sentech

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Administration	323.7	449.3	694.7	272.6	-5.6%	52.6%	738.2	717.2	654.6	33.9%	60.5%
Attain digital terrestrial television network	357.7	291.1	279.8	609.2	19.4%	47.4%	200.9	283.1	421.1	-11.6%	39.5%
<b>Total expense</b>	<b>681.4</b>	<b>740.4</b>	<b>974.5</b>	<b>881.8</b>	<b>9.0%</b>	<b>100.0%</b>	<b>939.1</b>	<b>1 000.4</b>	<b>1 075.7</b>	<b>6.8%</b>	<b>100.0%</b>

## Expenditure estimates

Table 27.25 Sentech

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>818.0</b>	<b>838.5</b>	<b>858.6</b>	<b>881.7</b>	2.5%	93.4%	<b>928.4</b>	<b>983.1</b>	<b>1 032.3</b>	5.4%	89.8%
Sale of goods and services other than capital assets	757.9	776.3	831.2	846.8	3.8%	88.2%	895.8	945.5	998.5	5.6%	86.6%
<i>of which:</i>											
<i>Sales by market establishment</i>	757.9	776.3	831.2	846.8	3.8%	88.2%	895.8	945.5	998.5	5.6%	86.6%
Other non-tax revenue	60.1	62.1	27.5	34.9	-16.5%	5.2%	32.6	37.5	33.8	-1.1%	3.3%
<b>Transfers received</b>	<b>36.3</b>	<b>36.3</b>	<b>68.2</b>	<b>106.0</b>	<b>43.0%</b>	<b>6.6%</b>	<b>106.0</b>	<b>107.0</b>	<b>113.0</b>	<b>2.2%</b>	<b>10.2%</b>
<b>Total revenue</b>	<b>854.3</b>	<b>874.7</b>	<b>926.9</b>	<b>987.7</b>	<b>5.0%</b>	<b>100.0%</b>	<b>1 034.4</b>	<b>1 090.1</b>	<b>1 145.3</b>	<b>5.1%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>620.0</b>	<b>682.5</b>	<b>915.7</b>	<b>820.9</b>	<b>9.8%</b>	<b>92.6%</b>	<b>882.6</b>	<b>944.2</b>	<b>1 016.4</b>	<b>7.4%</b>	<b>94.0%</b>
Compensation of employees	230.9	265.7	289.5	290.2	7.9%	33.1%	379.7	378.2	399.4	11.2%	37.1%
Goods and services	268.4	339.8	399.8	463.5	20.0%	48.9%	437.8	496.5	540.8	5.3%	49.8%
Depreciation	99.8	58.5	33.4	65.1	-13.3%	4.1%	64.2	69.0	75.6	5.1%	7.0%
Interest, dividends and rent on land	20.8	18.5	193.0	2.0	-53.9%	6.4%	1.0	0.5	0.5	-36.3%	0.1%
<b>Total expenses</b>	<b>681.4</b>	<b>740.4</b>	<b>974.5</b>	<b>881.8</b>	<b>9.0%</b>	<b>100.0%</b>	<b>939.1</b>	<b>1 000.4</b>	<b>1 075.7</b>	<b>6.8%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>173.0</b>	<b>134.0</b>	<b>(48.0)</b>	<b>106.0</b>	<b>-15.1%</b>		<b>95.0</b>	<b>90.0</b>	<b>70.0</b>	<b>-12.9%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	499.2	506.8	545.6	609.4	6.9%	29.9%	680.3	610.4	644.6	1.9%	40.0%
<i>of which:</i>											
<i>Acquisition of assets</i>	67.1	81.1	457.1	913.8	138.8%	22.7%	69.3	12.1	18.9	-72.5%	17.1%
Inventory	7.3	7.5	13.1	11.4	15.8%	0.5%	8.5	6.8	7.2	-14.1%	0.5%
Receivables and prepayments	31.4	41.2	60.5	36.4	5.1%	2.3%	32.8	30.6	32.3	-3.9%	2.1%
Cash and cash equivalents	1 135.8	1 605.9	1 560.3	815.1	-10.5%	67.1%	830.2	977.4	1 032.1	8.2%	57.2%
Defined benefit plan assets	1.3	1.3	-	1.5	4.9%	0.1%	1.8	1.9	2.0	10.2%	0.1%
Taxation	11.5	0.3	-	-	-100.0%	0.2%	-	-	-	-	-
<b>Total assets</b>	<b>1 686.5</b>	<b>2 163.1</b>	<b>2 179.4</b>	<b>1 473.9</b>	<b>-4.4%</b>	<b>100.0%</b>	<b>1 553.5</b>	<b>1 627.1</b>	<b>1 718.3</b>	<b>5.2%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	216.4	350.6	303.0	586.2	39.4%	19.5%	681.5	771.2	814.4	11.6%	44.6%
Capital and reserves	529.3	558.4	586.7	614.7	5.1%	30.2%	593.1	589.5	619.5	0.3%	38.0%
Capital reserve fund	638.4	889.3	792.6	206.0	-31.4%	31.9%	27.0	36.0	41.0	-41.6%	5.1%
Borrowings	64.7	45.4	55.5	-	-100.0%	2.1%	-	-	-	-	-
Trade and other payables	85.0	105.0	224.2	56.2	-12.9%	5.9%	33.7	23.2	24.5	-24.1%	2.2%
Taxation	10.6	2.7	5.9	10.1	-1.8%	0.4%	4.9	2.8	3.0	-33.4%	0.3%
Provisions	142.0	211.6	211.5	200.8	12.2%	10.0%	213.4	204.3	215.8	2.4%	13.1%
<b>Total equity and liabilities</b>	<b>1 686.5</b>	<b>2 163.1</b>	<b>2 179.4</b>	<b>1 673.9</b>	<b>-0.2%</b>	<b>100.0%</b>	<b>1 553.5</b>	<b>1 627.1</b>	<b>1 718.3</b>	<b>0.9%</b>	<b>103.4%</b>

## Personnel information

Table 27.26 Sentech

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	613	613	522	289.5	0.6	523	290.2	0.6	613	379.7	0.6	613	378.2	0.6	613	399.4	0.7	11.2%	100.0%
1 – 6	48	48	40	9.6	0.2	38	10.8	0.3	48	12.5	0.3	48	13.3	0.3	48	14.2	0.3	9.4%	7.7%
7 – 10	71	71	70	24.0	0.3	69	21.9	0.3	71	32.2	0.5	71	26.7	0.4	71	28.4	0.4	9.0%	12.0%
11 – 12	327	327	282	111.0	0.4	279	106.4	0.4	327	135.4	0.4	327	134.0	0.4	327	141.5	0.4	10.0%	53.3%
13 – 16	153	153	121	123.0	1.0	127	127.5	1.0	153	169.3	1.1	153	171.1	1.1	153	180.0	1.2	12.2%	24.8%
17 – 22	14	14	9	21.9	2.4	10	23.6	2.4	14	30.4	2.2	14	33.1	2.4	14	35.3	2.5	14.3%	2.2%

1. Rand million.

## Expenditure trends

Sentech derives its revenue from terrestrial television services, terrestrial FM and AM radio services, satellite linking, facility rentals sales, direct to home satellite services, and very small aperture terminal services. The entity also receives transfers from the department to cover incremental costs arising from the dual illumination period, during which the analogue and digital television signals will be run at the same time. Revenues from operations, excluding transfers from government, increased from R757.9 million in 2010/11 to R846.8 million in 2013/14 as a result of tariff increases, with little new sales activity during this period. Revenue is not expected to grow significantly over the medium term.

Over the medium term, Sentech's spending focus will be on investing in capital assets to expand the network to new sites in areas that were previously not covered, and preparing for the launch of commercial digital terrestrial television. This accounts for the large acquisition of assets in 2013/14 and 2014/15 as the entity, through the digital terrestrial television project, has to ensure that the country benefits from the evolution of broadcast television in the advance from analogue to digital television. The upward trend in goods and services expenditure over the MTEF period is also as a result of additional services emanating from the expansion of the digital terrestrial television network to provide national coverage, and the increased travel and subsistence costs incurred by the maintenance teams. Given the digital terrestrial television network project's target to cover a certain percentage of the country, maintenance teams are required to travel more regularly to conduct upgrades and maintenance on the network. The escalating fuel and electricity costs and other related costs all contribute to the higher spending on goods and services over the medium term.

At the end of November 2013, the entity had a total of 523 filled posts out of a total funded establishment of 613. The number of filled posts is expected to increase from 522 in 2012/13 to 613 over the medium term due to additional personnel requirements, which will see employee costs increasing over the same period. The additional personnel will be used to support the new business endeavours, which bring with it a variety of changes in the company's managerial, legal, and financial structure, needs, and objectives. At the end of November 2013, there were 34 appointments and 35 terminations and retirements. The vacancies were mostly at the skilled and middle management levels, but are not expected to affect service delivery.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Independent Communications Authority of South Africa** makes regulations and issues communications licences. In addition, it enforces compliance with rules and regulation, protects consumers from unfair business practices and poor quality services, hears and decides on disputes and complaints brought against licences, and controls and manages the frequency spectrum. The organisation's total budget for 2014/15 is R384.1 million.

- The **National Electronic Media Institute of South Africa** provides training at an advanced level for the broadcasting industry. It offers diploma courses, short courses and internships in television production, radio production and creative multimedia. The institute's total budget for 2014/15 is R38 million.
- The **Universal Service and Access Agency of South Africa** is a statutory body with the sole mandate of promoting the goal of universal service in and access to electronic communications services, electronic communications network services and broadcasting services. The agency's total budget for 2014/15 is R65.4 million.
- The **Universal Service and Access Fund** funds projects and programmes that aim at providing universal access to underserved areas. Its total budget for 2014/15 is R290 million.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
				2010/11	2011/12	2012/13		2013/14	2014/15	2015/16	2016/17
R million											
<b>Departmental infrastructure</b>											
Broadband services infrastructure in under-served and rural areas	Access and backhaul broadband infrastructure in all provinces	Construction	535.0	-	-	-	125.0	-	-	-	-
<b>Infrastructure transfers to other spheres, agencies and departments</b>											
Sentech: Digitisation of terrestrial television network	Efficient use of spectrum, broadcast digital dividend, multiple channel possibilities and new content generation	Design	1 534.9	71.0	388.9	-	423.3	69.8	-	-	-
Sentech: 2010	2010 FIFA World cup satellite back-up links between stadiums and the international broadcast centre	Hand over	420.0	100.0	120.0	-	-	-	-	-	-
South African Broadcasting Corporation: Digital migration project	Efficient use of spectrum, broadcast digital dividend, multiple channel possibilities and new content generation	Various	138.0	-	-	-	76.0	62.0	64.9	68.3	-
Universal Service and Access Agency of South Africa	Subsidisation of ICT infrastructure to promote universal access and services	Various	55.0	20.0	25.0	-	-	-	-	-	-
<b>Total</b>			<b>2 682.9</b>	<b>191.0</b>	<b>533.9</b>	<b>-</b>	<b>624.3</b>	<b>131.8</b>	<b>64.9</b>	<b>68.3</b>	<b>-</b>

# Vote 28

## Economic Development

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	79.5	77.3	–	2.2	84.1	86.7
Economic Policy Development	23.1	23.1	–	–	24.3	27.6
Economic Planning and Coordination	579.1	45.2	533.9	–	760.9	583.6
Economic Development and Dialogue	15.3	15.3	–	–	16.1	19.4
<b>Total expenditure estimates</b>	<b>696.9</b>	<b>160.8</b>	<b>533.9</b>	<b>2.2</b>	<b>885.4</b>	<b>717.3</b>
Executive authority	Minister of Economic Development					
Accounting officer	Director General of Economic Development					
Website address	<a href="http://www.economic.gov.za">www.economic.gov.za</a>					

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Promote economic development policy formulation and planning for the benefit of all South Africans.*

### Mandate

The Economic Development Department was established in 2009 and has assumed responsibilities relating to the creation of decent work through inclusive economic growth (outcome 4), including the implementation of the new growth path, which provides a policy package to facilitate the creation of employment.

The department is also responsible for five public entities, comprising three regulatory bodies and two development finance institutions. These are: the Competition Commission, the Competition Tribunal, the International Trade Administration Commission of South Africa, the Industrial Development Corporation of South Africa and the Small Enterprise Finance Agency.

In line with these responsibilities, the department's mandate includes administration of the following legislation:

- the Industrial Development Act (1940)
- the Competition Act (1998)
- the International Trade Administration Act (2002).

### Strategic goals

To support increasingly labour absorbing and equitable growth, as foreseen in the new growth path and the national development plan, the department's strategic goals over the medium term are to:

- provide technical and administrative support to the Presidential Infrastructure Coordinating Commission in facilitating the implementation of the national infrastructure plan
- align the programmes of departmental agencies and institutions with the new growth path, while ensuring that their operations are efficient and effective
- support alignment around core economic strategies across all spheres and agencies of the state
- promote social dialogue and the implementation of the major accords reached over the past two years, particularly the accords on the basic education, national skills, the green economy, local procurement, youth employment, and the framework agreements reached in October 2012 and June 2013, which aim to enhance the national response to uncertainties in the global economy and workplace conflict in the mining belt.

## Programme purposes

### Programme 1: Administration

**Purpose:** Coordinate and render an effective, efficient, strategic support and administrative service to the minister, deputy minister, director general, the department and its agencies.

### Programme 2: Economic Policy Development

**Purpose:** Strengthen the economic development capacity of government. Review and develop the alignment of economic development policies. Develop policies aimed at broadening participation in the economy and creating decent work opportunities.

### Programme 3: Economic Planning and Coordination

**Purpose:** Promote economic planning and coordination by developing economic planning proposals. Provide oversight and policy coordination of identified development finance institutions and economic regulatory bodies. Contribute to the development of the green economy.

### Programme 4: Economic Development and Dialogue

**Purpose:** Promote social dialogue; implement strategic frameworks; build capacity among social partners; and promote productivity, entrepreneurship and innovation in the workplace.

## Selected performance indicators

**Table 28.1 Economic Development**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of reports to Cabinet on progress towards outcome 4 per year	Economic Policy Development	Outcome 4: Decent employment through inclusive economic growth	-1	-1	4	4	4	4	4
Number of reports on the impact of the new growth path on women, youth and rural people evaluated and improved per year	Economic Policy Development		-1	-1	4	3	3	3	3
Number of strategic engagements with development finance institutions per year	Economic Planning and Coordination		13	19	8	6	6	6	6
Number of economic development initiatives coordinated and facilitated per year	Economic Planning and Coordination		4	9	15	18	20	22	24
Number of project reviews for strategic integrated construction projects per year	Economic Planning and Coordination		-1	-1	30	60	60	60	60
Number of infrastructure projects unblocked per year	Economic Planning and Coordination		-1	-1	-1	8	8	12	12
Number of interventions to grow the green economy per year	Economic Planning and Coordination		-1	-1	6	6	6	6	6
Number of monitoring reports and strategies developed to improve implementation of accords per year	Economic Development and Dialogue		-1	-1	-1	4	4	4	4
Number of capacity building projects for social partners on the new growth path per year	Economic Development and Dialogue		11	-2	14	8	8	8	8

1. This is a new indicator so historical information is not available.

2. In 2011/12, the department did not measure this indicator due to a change in strategy. Thus no data is provided.

## The national development plan

The national development plan addresses the need to grow an inclusive economy as part of the country's key objectives to eliminate poverty and reduce inequality by 2030. The department endorses the plan through economic development policies to ensure that the proportion of national income earned by the lowest earning

40 per cent of the population increases from 6 per cent in 2012 to 10 per cent by 2030. The plan's economic development policies address the need to grow an inclusive economy, build capabilities, enhance the capacity of the state, and promote leadership and partnerships throughout society.

The plan envisages unemployment falling from 24.9 per cent to 14 per cent when an additional 11 million jobs are created. To achieve this, the plan proposes accelerating progress by focusing on job creation across government and other sectors, as well as improving education and service delivery.

The department's new growth path strategy is aligned with the national development plan, and remains the operational plan for implementation. The strategy aims to provide concrete programmes for growth, employment creation and equity in line with government's commitment to prioritise employment creation in its economic policies. The new growth path has set the department the principal target of supporting the creation of 5 million jobs over the next 10 years by identifying strategies that will enable South Africa to grow in a more equitable and inclusive manner while achieving the developmental agenda. Central to this is a massive investment in infrastructure as a critical driver of jobs across the economy.

The 2012 national infrastructure plan creates a platform for integrated infrastructure provision through local procurement by providing, among others, improved logistics, water and electricity. 18 strategic integrated projects that integrate more than 150 individual infrastructure project clusters into a coherent package have been developed. The projects cover social and economic infrastructure across all provinces, with an emphasis on the poorer regions. The national infrastructure plan further provided the background to Cabinet's decision to establish the Presidential Infrastructure Coordinating Commission, a body set up to integrate and coordinate the country's long term infrastructure build. The department provides technical and administrative support to the commission to facilitate the implementation of the national infrastructure plan.

The new growth path also proposes strategies to eliminate unnecessary red tape to improve competition in the economy and enhance skills development. In delivering on the economic regulation mandate through the Competition Commission, the department has improved the playing fields for businesses and consumers in respect of price, quality, choice and innovation.

The department will continue to facilitate the implementation of social accords to mobilise support for national economic strategies, and encourage coordination across the state in support of strategies to bring about a more inclusive economy. It will continue to drive projects and programmes to diversify the economy, especially in conjunction with its agencies, support small, medium and micro enterprises through the Small Enterprise Finance Agency, and coordinate the implementation of the youth employment strategy.

## Expenditure estimates

**Table 28.2 Economic Development**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million						2010/11 - 2013/14					2013/14 - 2016/17	
Administration	35.0	50.8	55.4	95.8	95.8	39.8%	9.8%	79.5	84.1	86.7	-3.3%	11.3%
Economic Policy Development	6.6	12.5	11.6	23.6	23.6	52.5%	2.2%	23.1	24.3	27.6	5.4%	3.2%
Economic Planning and Coordination	358.5	501.0	597.5	639.4	639.4	21.3%	86.5%	579.1	760.9	583.6	-3.0%	83.5%
Economic Development and Dialogue	0.5	13.3	9.0	12.7	12.7	203.4%	1.5%	15.3	16.1	19.4	15.0%	2.1%
<b>Total</b>	<b>400.7</b>	<b>577.6</b>	<b>673.5</b>	<b>771.5</b>	<b>771.5</b>	<b>24.4%</b>	<b>100.0%</b>	<b>696.9</b>	<b>885.4</b>	<b>717.3</b>	<b>-2.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-	-			(56.0)	(102.0)	(8.0)		

**Table 28.2 Economic Development**

Economic classification	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
<b>Current payments</b>	<b>39.9</b>	<b>88.3</b>	<b>120.6</b>	<b>157.0</b>	<b>157.0</b>	<b>57.9%</b>	<b>16.7%</b>	<b>160.8</b>	<b>170.0</b>	<b>171.2</b>	<b>2.9%</b>	<b>21.5%</b>
Compensation of employees	25.2	48.3	62.1	72.4	72.4	42.3%	8.6%	107.8	113.3	111.0	15.3%	13.2%
Goods and services	14.7	40.0	58.5	84.5	84.5	79.1%	8.2%	53.0	56.7	60.2	-10.7%	8.3%
of which:												
Advertising	0.4	0.3	16.1	32.3	32.3	331.1%	2.0%	11.8	12.4	13.1	-26.0%	2.3%
Operating leases	1.0	2.8	3.7	9.1	9.1	112.0%	0.7%	7.4	7.7	5.0	-18.3%	1.0%
Travel and subsistence	7.8	12.0	13.0	15.9	15.9	27.0%	2.0%	13.6	14.5	14.5	-3.1%	1.9%
Venues and facilities	0.7	2.1	4.4	6.2	6.2	103.2%	0.6%	5.0	5.4	7.2	4.9%	0.8%
<b>Transfers and subsidies</b>	<b>356.5</b>	<b>488.0</b>	<b>551.0</b>	<b>612.6</b>	<b>612.6</b>	<b>19.8%</b>	<b>82.9%</b>	<b>533.9</b>	<b>713.1</b>	<b>536.1</b>	<b>-4.3%</b>	<b>78.0%</b>
Departmental agencies and accounts	195.6	211.4	249.2	273.6	273.6	11.8%	38.4%	291.3	306.7	323.0	5.7%	38.9%
Higher education institutions	4.8	5.5	12.3	-	-	-100.0%	0.9%	-	-	-	-	-
Public corporations and private enterprises	156.0	271.0	289.3	339.0	339.0	29.5%	43.5%	242.6	406.4	213.1	-14.3%	39.1%
Households	-	0.1	0.2	-	-	-	0.0%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>4.3</b>	<b>1.3</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>	<b>-23.8%</b>	<b>0.4%</b>	<b>2.2</b>	<b>2.2</b>	<b>9.9</b>	<b>73.0%</b>	<b>0.5%</b>
Machinery and equipment	4.3	1.2	1.7	1.9	1.9	-24.2%	0.4%	1.7	1.8	7.9	61.2%	0.4%
Software and other intangible assets	0.0	0.1	0.1	0.0	0.0	224.0%	0.0%	0.5	0.5	2.0	292.0%	0.1%
<b>Total</b>	<b>400.7</b>	<b>577.6</b>	<b>673.5</b>	<b>771.5</b>	<b>771.5</b>	<b>24.4%</b>	<b>100.0%</b>	<b>696.9</b>	<b>885.4</b>	<b>717.3</b>	<b>-2.4%</b>	<b>100.0%</b>

## Personnel information

**Table 28.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Economic Development	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		2013/14 - 2016/17
			Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost	
Salary level	166	-	138	62.1	0.4	129	72.4	0.6	166	107.8	0.6	166	113.3	0.7	166	111.0	0.7	8.8%	100.0%
1 - 6	19	-	22	3.1	0.1	21	4.0	0.2	19	3.6	0.2	19	3.8	0.2	19	4.0	0.2	-3.3%	12.4%
7 - 10	38	-	34	9.0	0.3	36	12.1	0.3	38	12.1	0.3	38	12.8	0.3	38	13.3	0.4	1.8%	23.9%
11 - 12	34	-	35	16.0	0.5	35	20.4	0.6	34	19.4	0.6	34	20.5	0.6	34	19.2	0.6	-1.0%	21.9%
13 - 16	73	-	45	30.6	0.7	35	32.2	0.9	73	69.2	0.9	73	72.6	1.0	73	70.8	1.0	27.8%	40.5%
Other	2	-	2	3.4	1.7	2	3.7	1.9	2	3.4	1.7	2	3.6	1.8	2	3.7	1.8	-	1.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on contributing to and promoting investment for economic development and trade competitiveness through providing funding to the department's public entities. This will be achieved by supporting and capitalising the Small Enterprise Finance Agency, which aims to broaden economic participation by financing the small, medium and micro enterprise (SMME) sector. Although Cabinet approved a reduction of R146 million on the allocations for this agency over the medium term, the financial support the department provides will be enhanced by R254 million over the period through the economic competitiveness support package, which is projected to increase spending on transfers and subsidies over the medium term. The department has targeted at least 6 strategic engagements annually with development finance institutions such as the Small Enterprise Finance Agency. The department will also focus on improving the implementation and adjudication of competition policy by funding the work of the Competition Commission through transfers to departmental agencies in the *Economic Planning and Coordination* programme.

The employees on the department's establishment of 166 funded posts conduct high level stakeholder interactions and specialised projects. As the department expects to continue building internal capacity in this

regard over the medium term, the number of filled posts is projected to increase from 129 in 2013/14 to 166 over the medium term. This, in turn, is expected to increase spending on compensation of employees over the period. This increase in capacity is expected to result in a decrease in spending on consultants over the medium term as the new, appropriately skilled and experienced personnel take up responsibilities that had been previously performed by consultants. In addition, the increase in capacity over the medium term is expected to fill the 37 posts that were vacant at the end of November 2013, due to the scarcity of skills in finance, development economics and infrastructure development. The department has improved its recruitment and selection processes and expects to fill the vacancies over the medium term.

The allocation to expenditure on goods and services over the medium term has been reduced by R20 million, made up of R6 million in 2014/15, R6 million in 2015/16 and R8 million in 2016/17, as a result of Cabinet approved budget reductions.

## Departmental receipts

Table 28.4 Receipts

R thousand	Audited outcome			Adjusted estimate 2013/14	Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Receipt/ total: Average (%) 2010/11 - 2013/14	Medium-term receipts estimate			Average growth rate (%) 2013/14 - 2016/17	Receipt/ total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13					2014/15	2015/16	2016/17		
<b>Departmental receipts</b>	<b>547 237</b>	<b>592 904</b>	<b>668 662</b>	<b>1 978 443</b>	<b>1 978 443</b>	<b>53.5%</b>	<b>100.0%</b>	<b>826 800</b>	<b>867 313</b>	<b>911 449</b>	<b>-22.8%</b>	<b>100.0%</b>
Sales of goods and services produced by department	3	16	21	20	20	88.2%	-	18	19	21	1.6%	-
Sales by market establishments	2	16	21	20	20	115.4%	-	18	19	21	1.6%	-
of which:												
Rental: Parking	2	16	21	20	20	115.4%	-	18	19	21	1.6%	-
Other sales	1	-	-	-	-	-100.0%	-	-	-	-	-	-
of which:												
Commission on insurance and garnishees	1	-	-	-	-	-100.0%	-	-	-	-	-	-
Fines, penalties and forfeits	489 337	538 285	617 344	1 928 296	1 928 296	58.0%	94.3%	776 782	817 294	861 428	-23.6%	95.6%
Interest, dividends and rent on land	57 897	50 263	50 106	50 045	50 045	-4.7%	5.5%	50 000	50 000	50 000	-	4.4%
Interest	7 897	263	-	45	45	-82.1%	0.2%	-	-	-	-100.0%	-
Dividends	50 000	50 000	50 106	50 000	50 000	-	5.3%	50 000	50 000	50 000	-	4.4%
of which:												
Industrial Development Corporation dividends	50 000	50 000	50 106	50 000	50 000	-	5.3%	50 000	50 000	50 000	-	4.4%
Transactions in financial assets and liabilities	-	4 340	1 191	82	82	-	0.1%	-	-	-	-100.0%	-
<b>Total</b>	<b>547 237</b>	<b>592 904</b>	<b>668 662</b>	<b>1 978 443</b>	<b>1 978 443</b>	<b>53.5%</b>	<b>100.0%</b>	<b>826 800</b>	<b>867 313</b>	<b>911 449</b>	<b>-22.8%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 28.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/ total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/ total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Ministry	23.9	18.4	16.3	17.0	-10.8%	31.9%	19.2	20.1	26.6	16.1%	24.0%
Office of the Director-General	4.3	9.6	11.0	13.9	48.1%	16.3%	16.3	17.8	11.2	-6.8%	17.1%
General Management Services	6.8	22.9	28.1	64.9	111.8%	51.8%	44.0	46.2	48.9	-9.0%	58.9%
<b>Total</b>	<b>35.0</b>	<b>50.8</b>	<b>55.4</b>	<b>95.8</b>	<b>39.8%</b>	<b>100.0%</b>	<b>79.5</b>	<b>84.1</b>	<b>86.7</b>	<b>-3.3%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				32.2			11.9	12.8	11.2		

#### Economic classification

<b>Current payments</b>	<b>30.7</b>	<b>49.4</b>	<b>53.5</b>	<b>93.9</b>	<b>45.1%</b>	<b>95.9%</b>	<b>77.3</b>	<b>81.8</b>	<b>76.8</b>	<b>-6.5%</b>	<b>95.3%</b>
Compensation of employees	16.9	27.9	30.9	37.7	30.8%	47.8%	42.4	44.6	40.7	2.6%	47.8%
Goods and services	13.9	21.5	22.6	56.2	59.4%	48.1%	34.9	37.2	36.0	-13.7%	47.5%
of which:											
Advertising	0.4	0.3	1.0	32.3	348.8%	14.3%	11.8	12.4	13.1	-26.0%	20.1%
Operating leases	1.0	2.8	3.7	9.1	112.0%	7.0%	7.4	7.7	5.0	-18.3%	8.4%
Travel and subsistence	7.4	6.8	7.0	5.4	-10.0%	11.2%	5.7	6.0	6.3	5.3%	6.7%
Venues and facilities	0.6	0.7	0.2	0.4	-12.3%	0.8%	0.5	0.5	0.5	10.7%	0.6%

**Table 28.5 Administration**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16
R million												
<b>Transfers and subsidies</b>												
Households	-	0.1	0.1	-	-	0.1%	-	-	-	-	-	-
<b>Payments for capital assets</b>	4.3	1.3	1.8	1.9	-23.8%	3.9%	2.2	2.2	9.9	73.0%	4.7%	
Machinery and equipment	4.3	1.2	1.7	1.9	-24.2%	3.8%	1.7	1.8	7.9	61.2%	3.8%	
Software and other intangible assets	0.0	0.1	0.1	0.0	224.0%	0.1%	0.5	0.5	2.0	292.0%	0.9%	
<b>Total</b>	<b>35.0</b>	<b>50.8</b>	<b>55.4</b>	<b>95.8</b>	<b>39.8%</b>	<b>100.0%</b>	<b>79.5</b>	<b>84.1</b>	<b>86.7</b>	<b>-3.3%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>8.7%</b>	<b>8.8%</b>	<b>8.2%</b>	<b>12.4%</b>			<b>11.4%</b>	<b>9.5%</b>	<b>12.1%</b>			

## Personnel information

**Table 28.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)		
2012/13			2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
Administration	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level 80	-	75	30.9	0.4	73	37.7	0.5	80	42.4	0.5	80	44.6	0.6	80	40.7	0.5	3.1%	100.0%
1 - 6	19	22	3.1	0.1	21	4.0	0.2	19	3.6	0.2	19	3.8	0.2	19	4.0	0.2	-3.3%	24.9%
7 - 10	24	23	6.3	0.3	22	7.9	0.4	24	7.8	0.3	24	8.2	0.3	24	8.5	0.4	2.9%	30.0%
11 - 12	17	15	7.4	0.5	17	11.4	0.7	17	10.4	0.6	17	10.9	0.6	17	9.1	0.5	-	21.7%
13 - 16	18	13	10.7	0.8	11	10.7	1.0	18	17.2	1.0	18	18.0	1.0	18	15.4	0.9	17.8%	20.8%
Other	2	2	3.4	1.7	2	3.7	1.9	2	3.4	1.7	2	3.6	1.8	2	3.7	1.8	-	2.6%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on expanding and building capacity in support functions, such as IT, finance and human resources to support the department in achieving its objectives. Over the medium term, expenditure is allocated to spending on compensation and goods and services items such as travel and subsistence and advertising. Spending on the latter increased significantly in 2013/14 due to the communications strategy for the Presidential Infrastructure Coordinating Commission.

Spending on operating leases increased substantially in 2013/14 due to the additional office space required by the growing staff complement. Established in 2009/10, the department has been filling the 80 posts in this programme's funded establishment, which explains the significant increase in spending on compensation of employees between 2010/11 and 2013/14. This increase in operational capacity has allowed the department to reduce its use of consultants, which is the reason for the significant decrease in spending on this item over the medium term. However, the department expects to continue using consultants who provide specialist expertise, such as private legal services engaged through the Office of the State Attorney, whenever they are needed.

7 posts were vacant at the end of November 2013, due to a skills shortage in the development sector, which makes the competition for recruiting and retaining specialist expertise intense. Personnel numbers are expected to remain at 80 over the medium term, which is why spending on compensation of employees grows marginally over the medium term. The vacancies will be filled as appropriately skilled and experienced individuals are found.

## Programme 2: Economic Policy Development

### Objectives

- Address development gaps by assessing trends in employment, inequality and growth, the impact of the state on employment and equity, and the key outcomes for the new growth path by conducting biannual surveys

on an ongoing basis.

- Formulate best practice economic development policies by disseminating knowledge of policy options and challenges by convening 12 policy platforms by 2014/15.
- Enhance economic policy-making methodologies by:
  - supporting the socioeconomic impact assessment system, prioritising its employment impact
  - populating a tailored economic development index for South Africa and developing a macro-economic model that enables the assessment of the employment impact of government activities, by 2014/15, with quarterly progress reporting.
- Identify systemic obstacles to investment with proposals to address them, by reviewing quarterly reports on economic progress with reference to decent employment through inclusive economic growth (outcome 4) and the industrial policy action plan, as well as in-depth evaluations of the impact on employment of four government departments over the medium term.
- Develop support measures for emerging enterprises, the social economy and the township economy through regular reports on existing policies on smaller enterprises and development of a monitoring and evaluation framework for the Small Enterprise Development Agency in 2014/15.
- Improve employment strategies by addressing youth unemployment, gender and economic development, with a particular focus on inclusive growth, by providing a twice yearly report on the implementation of the youth employment strategy, with proposals for unblocking initiatives as required, in 2014/15.

### Subprogrammes

- *Growth Path and Creation of Decent Work* focuses on the ongoing review of policies to realise a growth path that addresses the economy's structural constraints, expands the industrial base and creates decent work opportunities. To this end, quarterly reports on economic progress were produced in conjunction with other departments in 2013/14. The development of policies for the build programme and the Infrastructure Development Bill was also supported and selected departments were engaged to understand how they can improve their impact on employment generation. This subprogramme had a staff complement of 4 in 2013/14.
- *Economic Policy* evaluates macro and microeconomic policy tools used by government to promote the developmental agenda and improve the alignment, efficiency and impact of these policy tools. Among other issues, financialisation, the impact of rising electricity prices and African regional development were researched in 2013/14, in addition to work on ensuring a coordinated government response to a construction cartel uncovered by the competition authorities. An improved regulatory framework for scrap metal was developed and issues around the beneficiation of minerals were interrogated. This subprogramme had a staff complement of 15 in 2013/14.
- *Broad Based Black Economic Empowerment* aims to enable the meaningful participation of citizens in the economy by focusing on employment equity, staff training, preferential procurement, enterprise development and cooperative advancement. A range of departments were engaged to this end in 2013/14. This subprogramme had a staff complement of 2 in 2013/14.
- *Second Economy* develops policies that will create and sustain livelihoods and transform second economy activities into dynamic, competitive activities that are part of the economic mainstream and ensure decent income for entrepreneurs and workers; and develops strategies for youth unemployment and the second economy. The youth employment strategy was adopted in 2013/14 and has begun to lead to a qualitative expansion in programmes to achieve these objectives. In addition, substantial work was carried out on township economies, smallholder farmers and the new growth path's impact on women. This subprogramme had a staff complement of 3 in 2013/14.

## Expenditure estimates

**Table 28.7 Economic Policy Development**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Growth Path and Creation of Decent Work	0.8	2.6	3.9	3.8	65.4%	20.5%	4.5	4.8	5.8	15.7%	19.2%
Economic Policy	5.8	9.6	7.7	14.7	36.3%	69.6%	13.3	14.0	15.9	2.6%	58.8%
Broad Based Black Economic Empowerment	–	0.3	–	2.0	–	4.2%	2.2	2.3	2.4	6.3%	9.0%
Second Economy	–	–	–	3.1	–	5.7%	3.1	3.3	3.4	3.6%	13.1%
<b>Total</b>	<b>6.6</b>	<b>12.5</b>	<b>11.6</b>	<b>23.6</b>	<b>52.5%</b>	<b>100.0%</b>	<b>23.1</b>	<b>24.3</b>	<b>27.6</b>	<b>5.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(2.0)			(4.1)	(4.4)	(2.9)		

### Economic classification

<b>Current payments</b>	<b>6.6</b>	<b>12.5</b>	<b>11.6</b>	<b>23.6</b>	<b>52.5%</b>	<b>100.0%</b>	<b>23.1</b>	<b>24.3</b>	<b>27.6</b>	<b>5.4%</b>	<b>100.0%</b>
Compensation of employees	6.5	8.1	7.7	12.5	24.5%	64.1%	17.0	17.9	18.6	14.1%	67.1%
Goods and services	0.1	4.4	3.9	11.0	323.7%	35.9%	6.0	6.4	9.0	-6.7%	32.9%
of which:											
Travel and subsistence	0.1	2.0	1.0	4.3	255.6%	13.6%	3.1	3.3	3.5	-6.1%	14.5%
Venues and facilities	–	1.2	0.9	1.7	–	7.0%	1.9	1.9	2.9	20.9%	8.5%
<b>Total</b>	<b>6.6</b>	<b>12.5</b>	<b>11.6</b>	<b>23.6</b>	<b>52.5%</b>	<b>100.0%</b>	<b>23.1</b>	<b>24.3</b>	<b>27.6</b>	<b>5.4%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	1.7%	2.2%	1.7%	3.1%			3.3%	2.7%	3.8%		

## Personnel information

**Table 28.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Economic Policy Development	Salary level	Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost	Unit Cost	Number	Cost	Unit Cost		
	24	–	14	7.7	0.5	16	12.5	0.8	24	17.0	0.7	24	17.9	0.7	24	18.6	0.8	14.5%	100.0%	
	7 – 10	5	–	4	1.0	0.3	4	1.5	0.4	5	1.7	0.3	5	1.8	0.4	5	1.9	0.4	7.7%	21.6%
	11 – 12	7	–	5	2.5	0.5	6	3.5	0.6	7	3.7	0.5	7	3.9	0.6	7	4.1	0.6	5.3%	30.7%
	13 – 16	12	–	5	4.2	0.8	6	7.5	1.2	12	11.6	1.0	12	12.2	1.0	12	12.6	1.0	26.0%	47.7%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on increasing the efficacy of economic development policies through reviewing policy instruments that advance the developmental agenda of government. The bulk of spending will thus be in the *Growth Path and Creation of Decent Work* and the *Economic Policy* subprogrammes, and will go mostly towards spending on compensation of employees, which made up 53 per cent of the total budget in 2013/14.

Being a knowledge intensive department, activities such as planning, strategy development and stakeholder engagement are the main drivers of spending in the subprogrammes. To facilitate the work of the new growth path, personnel in this programme's funded establishment of 24 posts will be deployed to key tasks such as compiling reports on the impact of the new growth path on women, youth and rural people; and supporting emerging enterprises and township economies through the development of a monitoring and evaluation framework for the Small Enterprise Development Agency. However, 8 posts were vacant at the end of November 2013 due to of natural attrition and difficulties in recruiting qualified candidates. The department expects to fill the vacancies over the medium term.

Between 2010/11 and 2013/14, spending increased in the *Economic Policy* subprogramme as the department developed its policy capacity, particularly for the implementation of the new growth path. In addition, consultations with departments, the private sector and the public on the key elements of the framework for

youth employment were accelerated. The consultations were aimed at garnering support for the department's actions towards reducing youth employment, which was finalised in February 2013.

## Programme 3: Economic Planning and Coordination

### Objectives

- Promote economic planning and coordination through developing economic planning proposals after engaging with stakeholders, on an annual basis.
- Provide oversight and policy coordination of identified development finance institutions and economic regulatory bodies by reviewing strategic plans and annual performance plans annually.
- Contribute to the development of the green economy by supporting projects that are managed by the Industrial Development Corporation over the medium term.

### Subprogrammes

- *Spatial, Sector and Planning* is discussed in more detail below.
- *Economic Development, Financing and Procurement* analyses procurement trends in the public and private sector; and identifies opportunities for improving local procurement and production to meet broader economic development goals. Key activities included engaging private sector to attract domestic and foreign investment and developing strategies to address localisation plans in the light of the infrastructure programmes. Over the medium term, there are plans to deepen these activities with a view to focusing on infrastructure financing strategies. In 2013/14, initiatives ensuring that a company producing steel pipes for the gas and water sectors did not relocate to a foreign country were supported. In addition, opportunities for localisation at both Transnet and Eskom were identified with the assistance of the Industrial Development Corporation of South Africa. This subprogramme had a staff complement of 5 in 2013/14.
- *Investment for Economic Development* provides policy oversight and strategic direction to the Industrial Development Corporation of South Africa and the Small Enterprise Finance Agency. The Industrial Development Corporation of South Africa, the country's largest development finance institution, provides loan funding to industrial projects which are generally aligned with the objectives of the new growth path, while the Small Enterprise Finance Agency provides direct and wholesale loan funding to SMMEs. The focus has been on improving the strategy and business plan and developing financing programmes to foster the small business sector. In 2013/14, the Industrial Development Corporation of South Africa continued to rebalance its investment portfolio to match market developments. In 2012/13 and 2013/14, Small Enterprise Finance Agency officials were trained to develop a toolkit of support programmes by all branches and agencies of the state: these toolkits are used by trainees in the agency road shows to market their products across all provinces, including training in rural areas. In 2013/14, through the ministers and members of the executive committee process, measures were put in place to co-locate the services offered by the Small Enterprise Finance Agency to that of other developing finance agencies. This subprogramme had a staff complement of 7 in 2013/14.
- *Competitiveness and Trade for Decent Work* provides policy oversight and strategic direction to the Competition Commission, Competition Tribunal and the International Trade Administration Commission. In 2012/13 and 2013/14, the key activities focused on the elimination of unnecessary regulatory burdens and actions to lower price increases for key inputs and goods to promote investment and economic growth. The aim of the Competition Commission is to reduce input costs in the economy and increase levels of competition to ensure that merger/acquisition approvals promote public interest goals. The commission also investigates price fixing. The International Trade Administration Commission promotes improved trade levels, with a focus on a developmental trade policy that promotes industrialisation and job creation. It also strives to reduce input costs for value added products through lower tariffs or by offering rebates on duty, and to provide protection for industries as part of a plan to boost competitiveness and jobs. This subprogramme had a staff complement of 6 in 2013/14.
- *Green Economy* identifies, develops and supports projects, incentives and other measures; and engages with government and non-government stakeholders to maximise the job creation potential of green economic activities. The Industrial Development Corporation of South Africa has been a successful bidder in

renewable energy projects over the years, and in 2013/14 it continued with the process of implementing concentrated energy and hydro-energy projects in Northern Cape. Key activities in 2012/13 and 2013/14 focused on strategies to rebalance the Industrial Development Corporation of South Africa's portfolio towards green investments. The corporation was awarded R6.3 billion of renewable energy projects by the Department of Energy in the round three bids in 2013/14. Further bidding processes are being contemplated. This subprogramme had a staff complement of 4 in 2013/14.

## Expenditure estimates

**Table 28.9 Economic Planning and Coordination**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Spatial, Sector and Planning	1.6	10.9	40.2	18.4	124.3%	3.4%	24.1	25.7	26.1	12.3%	3.7%
Economic Development, Financing and Procurement	0.2	7.4	1.8	0.8	64.2%	0.5%	5.3	5.5	5.8	96.2%	0.7%
Investment for Economic Development	161.1	270.5	305.1	341.7	28.5%	51.4%	248.6	412.7	219.7	-13.7%	47.7%
Competitiveness and Trade for Decent Work	195.6	212.2	250.4	277.4	12.3%	44.6%	297.5	313.3	329.4	5.9%	47.5%
Green Economy	-	-	-	1.1	-	0.1%	3.6	3.7	2.7	36.1%	0.4%
<b>Total</b>	<b>358.5</b>	<b>501.0</b>	<b>597.5</b>	<b>639.4</b>	<b>21.3%</b>	<b>100.0%</b>	<b>579.1</b>	<b>760.9</b>	<b>583.6</b>	<b>-3.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(24.4)			(59.3)	(105.7)	(13.5)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>2.1</b>	<b>21.1</b>	<b>46.6</b>	<b>26.8</b>	<b>134.9%</b>	<b>4.6%</b>	<b>45.2</b>	<b>47.8</b>	<b>47.5</b>	<b>21.0%</b>	<b>6.5%</b>
Compensation of employees	1.4	9.3	17.4	15.2	123.2%	2.1%	37.2	39.1	39.5	37.5%	5.1%
Goods and services	0.7	11.8	29.2	11.6	154.8%	2.5%	7.9	8.7	8.0	-11.6%	1.4%
<i>of which:</i>											
Advertising	-	-	15.1	-	-	0.7%	-	-	-	-	-
Travel and subsistence	0.3	2.2	3.6	4.1	151.8%	0.5%	3.1	3.4	2.5	-15.6%	0.5%
Venues and facilities	0.2	(0.6)	2.6	1.6	118.2%	0.2%	1.2	1.2	1.3	-5.6%	0.2%
<b>Transfers and subsidies</b>	<b>356.5</b>	<b>479.9</b>	<b>550.9</b>	<b>612.6</b>	<b>19.8%</b>	<b>95.4%</b>	<b>533.9</b>	<b>713.1</b>	<b>536.1</b>	<b>-4.3%</b>	<b>93.5%</b>
Departmental agencies and accounts	195.6	211.4	249.2	273.6	11.8%	44.4%	291.3	306.7	323.0	5.7%	46.6%
Higher education institutions	4.8	5.5	12.3	-	-100.0%	1.1%	-	-	-	-	-
Public corporations and private enterprises	156.0	263.0	289.3	339.0	29.5%	50.0%	242.6	406.4	213.1	-14.3%	46.9%
Households	-	-	0.1	-	-	-	-	-	-	-	-
<b>Total</b>	<b>358.5</b>	<b>501.0</b>	<b>597.5</b>	<b>639.4</b>	<b>21.3%</b>	<b>100.0%</b>	<b>579.1</b>	<b>760.9</b>	<b>583.6</b>	<b>-3.0%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>89.5%</b>	<b>86.7%</b>	<b>88.7%</b>	<b>82.9%</b>			<b>83.1%</b>	<b>85.9%</b>	<b>81.4%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>195.6</b>	<b>211.4</b>	<b>249.2</b>	<b>273.6</b>	<b>11.8%</b>	<b>44.4%</b>	<b>291.3</b>	<b>306.7</b>	<b>323.0</b>	<b>5.7%</b>	<b>46.6%</b>
Competition Commission	117.7	126.6	157.2	176.9	14.6%	27.6%	188.1	198.0	208.5	5.6%	30.1%
Competition Tribunal	13.6	15.2	15.8	16.9	7.5%	2.9%	18.1	19.1	20.1	5.9%	2.9%
International Trade Administration Commission	64.3	69.6	74.4	79.8	7.4%	13.7%	85.1	89.6	94.3	5.8%	13.6%
Council for Scientific and Industrial Research	-	-	1.8	-	-	0.1%	-	-	-	-	-
<b>Higher education institutions</b>											
<b>Current</b>	<b>4.8</b>	<b>5.5</b>	<b>12.3</b>	<b>-</b>	<b>-100.0%</b>	<b>1.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
University of the Witwatersrand: Economic development capacity building course: Provincial	-	5.5	-	-	-	0.3%	-	-	-	-	-
University of Johannesburg: Academy for social economy	4.8	-	10.0	-	-100.0%	0.7%	-	-	-	-	-
University of the Witwatersrand: Economic development capacity building course: Municipalities	-	-	2.3	-	-	0.1%	-	-	-	-	-
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>		<b>263.0</b>	<b>289.3</b>	<b>339.0</b>	<b>29.5%</b>	<b>50.0%</b>	<b>242.6</b>	<b>406.4</b>	<b>213.1</b>	<b>-14.3%</b>	<b>46.9%</b>
Industrial Development Corporation of South Africa		34.0	109.0	108.0	-	12.0%	-	-	-	-100.0%	4.2%
South African Institute of Chartered Accountants		6.0	9.0	-	-	0.7%	-	-	-	-	-
Small Enterprise Finance Agency	156.0	223.0	171.3	231.0	14.0%	37.3%	242.6	406.4	213.1	-2.6%	42.6%

## Personnel information

**Table 28.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number				
		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)						
Number of funded posts	Number of posts additional to the establishment	2012/13		2013/14			2014/15			2015/16			2016/17			2013/14 - 2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Economic Planning and Coordination		47			38	17.4	0.5	28	15.2	0.5	47	37.2	0.8	47	39.1	0.8	47	39.5	0.8	18.8%	100.0%
Salary level		47			38	17.4	0.5	28	15.2	0.5	47	37.2	0.8	47	39.1	0.8	47	39.5	0.8	18.8%	100.0%
7 – 10		6			6	1.5	0.2	6	1.6	0.3	6	1.8	0.3	6	1.9	0.3	6	2.0	0.3	–	14.2%
11 – 12		8			11	4.5	0.4	9	3.9	0.4	8	4.3	0.5	8	4.5	0.6	8	4.7	0.6	-3.9%	19.5%
13 – 16		33			21	11.5	0.5	13	9.7	0.7	33	31.2	0.9	33	32.7	1.0	33	32.8	1.0	36.4%	66.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on strengthening the institutional capacity of the competition bodies, development finance institutions and trade administration entity for which the department has an oversight responsibility. This is in accordance with the department's strategic goal of driving inclusive growth and economic diversification as these entities contribute to economic competitiveness and increased economic participation. The funding of the competition and trade administration bodies is transferred through the *Competitiveness and Trade for Decent Work* and *Investment for Economic Development* subprogrammes, to which 47.5 per cent and 47.7 per cent of the programme's funding over the medium term is allocated.

To give effect to Cabinet approved reductions over the medium term, the department is to cut spending on the transfer to the Small Enterprise Agency by R146 million. However, the 2013 Budget includes an additional R254 million, which has been allocated from the economic competitiveness package in the *Investment for Economic Development* subprogramme. There will be less capital available for lending to SMMEs over the medium term. In 2016/17, expenditure is expected to increase in the *Green Economy* subprogramme due to the implementation of renewable energy projects with the department targeting 6 interventions per year over the medium term to grow the green economy. The Industrial Development Corporation is in the process of implementing concentrated energy projects and hydro-energy projects in Northern Cape.

Between 2010/11 and 2013/14, expenditure increased by R180.6 million in the *Investment for Economic Development* subprogramme due to transfers to public corporations for establishing, and providing initial capitalisation to the Industrial Development Corporation for the Agro-Processing Competitiveness Fund. The fund supports new and non-dominant market players in line with the department's objective of inclusive economic growth, and provides funding by way of interest free loans, equity arrangements and business support grants.

Spending on compensation of employees is set to grow significantly over the medium term as the number of personnel increases to 47 by 2016/17 to increase operational capacity particularly in the *Spatial, Sector and Planning* subprogramme, which provides support for the implementation of the national infrastructure plan. There were 19 vacancies at the end of November 2013. These resulted from slow recruitment and high turnover caused by the difficulty in recruiting and retaining suitably qualified candidates who have skills that are in short supply and who are thus able to command higher salaries elsewhere. The department is working to attract appropriately skilled individuals.

## Subprogramme: Spatial, Sector and Planning

This subprogramme focuses on developing and coordinating economic plans for South Africa, ensuring coherence between the state and state entities, safeguarding the consistency of the micro and macroeconomic plans, and supporting the development of spatial economic action plans for distressed areas. In 2012/13, the department, together with the Department of Rural Development and Land Reform and the Council for Scientific and Industrial Research, developed and improved understanding of the economic potential of the rural space economy, and launched intergovernmental forums. The subprogramme is responsible for providing the secretariat function of the Presidential Infrastructure Coordinating Commission, which has been instrumental in

facilitating the implementation of the national infrastructure plan. Quarterly construction updates are provided to Cabinet with an analysis of expenditure trends, construction progress, jobs created, local procurement and key constraints and blockages. The technical team facilitated the signing of a memorandum of understanding through which Eskom, Transnet and the Industrial Development Corporation of South Africa cooperate on expediting the strategic infrastructure projects. Memorandums of understanding with social partners on infrastructure, and with the Engineering Council of South Africa on capacity support, were also concluded in 2012/13 and 2013/14. Another key aim of the programme is to provide a spatial understanding of the economy in the context of the national growth plan. In 2013/14, the department worked on a national spatial economic perspective and developed spatial maps of socioeconomic indicators for the distressed mining areas. This subprogramme supports business and government to unblock regulatory and licensing bottlenecks that prevent investment projects from being implemented. The support provided includes follow-up on water and mining licences, among others, and on water and electricity connections for newly established industries. The subprogramme had a funded establishment of 16 posts at the end of November 2013.

## Expenditure estimates

**Table 28.11 Spatial, Sector and Planning**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Current payments</b>	<b>1.6</b>	<b>10.9</b>	<b>37.8</b>	<b>18.4</b>	<b>124.3%</b>	<b>96.7%</b>	<b>24.1</b>	<b>25.7</b>	<b>26.1</b>	<b>12.3%</b>	<b>100.0%</b>
Compensation of employees	0.9	6.1	9.1	10.4	122.1%	37.3%	19.8	20.8	21.6	27.7%	76.9%
Goods and services	0.7	4.8	28.7	8.0	127.4%	59.4%	4.3	4.9	4.5	-17.5%	23.1%
<i>of which:</i>											
Advertising	–	–	15.1	–	–	21.2%	–	–	–	–	–
Travel and subsistence	0.2	1.4	3.4	2.4	115.7%	10.5%	1.7	1.9	1.4	-17.0%	7.8%
Venues and facilities	0.2	(0.6)	2.6	0.9	83.0%	4.3%	0.5	0.5	0.6	-14.4%	2.7%
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>2.4</b>	<b>–</b>	<b>–</b>	<b>3.3%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Higher education institutions	–	–	2.3	–	–	3.2%	–	–	–	–	–
Households	–	–	0.1	–	–	0.1%	–	–	–	–	–
<b>Total</b>	<b>1.6</b>	<b>10.9</b>	<b>40.2</b>	<b>18.4</b>	<b>124.3%</b>	<b>100.0%</b>	<b>24.1</b>	<b>25.7</b>	<b>26.1</b>	<b>12.3%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>0.5%</b>	<b>2.2%</b>	<b>6.7%</b>	<b>2.9%</b>			<b>4.2%</b>	<b>3.4%</b>	<b>4.5%</b>		

## Personnel information

**Table 28.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Spatial, Sector and Planning	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
Salary level	16	–	17	9.1	0.5	16	10.4	0.7	31	19.8	0.6	31	20.8	0.7	31	21.6	0.7	24.7%	100.0%
7 – 10	3	–	3	0.8	0.3	3	1.0	0.3	3	1.1	0.4	3	1.1	0.4	3	1.2	0.4	–	11.0%
11 – 12	6	–	6	2.2	0.4	6	3.2	0.5	5	1.8	0.4	5	1.8	0.4	5	2.4	0.5	-5.9%	19.3%
13 – 16	7	–	8	6.2	0.8	7	6.2	0.9	23	17.0	0.7	23	17.9	0.8	23	18.0	0.8	48.7%	69.7%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on developing and coordinating economic plans for South Africa, ensuring coherence between the state and state entities, aligning micro and macroeconomic plans, and supporting the development of spatial economic action plans for distressed areas. The main cost drivers of this subprogramme are compensation of employees, which accounts for 76.9 per cent of the programme's budget over the medium term, as well as goods and services items such as consultants and travel and subsistence, which support staff operations. Spending on compensation of employees is projected to grow significantly over the

medium term as the personnel numbers increase to 31 posts by 2016/17 to support economic planning for rural development.

Between 2010/11 and 2013/14, spending on goods and services grew significantly due to the increase in programme activities to support rural and mining communities, where development had lagged behind; and an increased focus on planning, stakeholder engagements and research. In 2012/13, the subprogramme experienced a spike in expenditure mainly on advertising and contractors due to the extensive interaction required with rural communities, so media and local community organisers were used.

The subprogramme also supports the activities of the Presidential Infrastructure Coordinating Commission and the department provides the secretariat function. Between 2011/12 and 2013/14, the subprogramme used consultant services which included specialists in spatial planning to provide technical support to the commission. The subprogramme has since become fully staffed, contributing to the increase in spending on compensation of employees over the MTEF period.

## Programme 4: Economic Development and Dialogue

### Objectives

- Promote dialogue among social partners by convening and participating in national social dialogue forums relating to economic development as and when required over the medium term.
- Mobilise society and government to agree on common socioeconomic goals by promoting dialogue, facilitating, monitoring and reporting on the implementation of framework agreements, social pacts and accords on an ongoing basis, with progress reports being presented twice yearly.
- Develop partnership agreements in key sectors and workplaces through the process of social dialogue, in order to create and save jobs, and to ensure that jobs are sustainable through the utilisation of appropriate available mechanisms as and when required over the medium term.
- Enhance the understanding of government, society, the private sector and organised labour of the challenges and opportunities in socioeconomic development through effective stakeholder capacity building, on an ongoing basis.
- Promote and stimulate productivity, innovation and entrepreneurship at the workplace, cluster and sector level by facilitating social pacts and agreements and other related initiatives with key partners and stakeholders on an annual basis.

### Subprogrammes

- *National Social Dialogue and Strategic Frameworks* contributes to social dialogue on economic issues and policy development; and coordinates, monitors and ensures the development of action plans and framework agreements on various economic issues, such as the global economic crisis, as well as those that are envisaged, such as national economic development and decent work pacts. Key activities are to lead government in its dialogue with social partners on economic development; negotiate national economic development and decent work pacts and coordinate government's policy. This subprogramme had a staff complement of 5 in 2013/14.
- *Sector and Workplace Social Dialogue* promotes workplace and sector agreements and social pacts that address challenges of growth and development, job creation and job retention, and productivity and innovation. Key objectives are to: facilitate the development of partnership agreements and the establishment of consultative forums in key sectors and workplaces; establish and administer a social partner fund; provide secretarial, logistical and research support to forums that include social partners; and disseminate information for use by social partners. This subprogramme had a staff complement of 3 in 2013/14.
- *Capacity Building for Economic Development* promotes and builds the research output and knowledge base of social partners in economic development sectors and issues relating to equity and productivity. This entails implementing appropriate mechanisms for empowerment by hosting capacity building workshops at district level and value chain competitive workshops in provinces over the medium term period. This subprogramme had a staff complement of 2 in 2013/14.

- *Productivity, Entrepreneurship, Innovation* promotes productivity, entrepreneurship and innovation by developing and reviewing policy frameworks; facilitating productivity agreements in cooperation with role players; monitoring and evaluating the implementation of policy frameworks and agreements; and working with Productivity South Africa. These functions will be executed through 6 sectoral engagements on productivity and the commissioning of productivity research reports over the medium term. This subprogramme had a staff complement of 2 in 2013/14.

## Expenditure estimates

**Table 28.13 Economic Development and Dialogue**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
National Social Dialogue and Strategic Frameworks	0.0	5.3	6.7	8.1	695.9%	56.5%	4.0	4.4	5.8	-10.7%	34.9%
Sector and Workplace Social Dialogue	0.4	0.0	-	0.6	12.2%	3.0%	2.5	2.6	3.4	76.7%	14.3%
Capacity Building for Economic Development	-	-	1.5	1.4	-	8.2%	6.2	6.4	6.7	69.5%	32.5%
Productivity, Entrepreneurship, Innovation	-	8.0	0.8	2.7	-	32.3%	2.7	2.8	3.5	9.5%	18.4%
<b>Total</b>	<b>0.5</b>	<b>13.3</b>	<b>9.0</b>	<b>12.7</b>	<b>203.4%</b>	<b>100.0%</b>	<b>15.3</b>	<b>16.1</b>	<b>19.4</b>	<b>15.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(5.8)			(4.5)	(4.7)	(2.8)		

### Economic classification

<b>Current payments</b>	<b>0.5</b>	<b>5.3</b>	<b>9.0</b>	<b>12.7</b>	<b>203.4%</b>	<b>77.4%</b>	<b>15.3</b>	<b>16.1</b>	<b>19.4</b>	<b>15.0%</b>	<b>100.0%</b>
Compensation of employees	0.4	3.0	6.1	7.0	149.7%	46.6%	11.1	11.7	12.2	20.4%	66.2%
Goods and services	0.0	2.2	2.9	5.8	796.5%	30.8%	4.1	4.4	7.2	7.7%	33.8%
of which:											
Travel and subsistence	0.0	0.9	1.5	2.1	542.0%	12.8%	1.7	1.9	2.2	0.9%	12.4%
Venues and facilities	-	0.7	0.7	2.6	-	11.3%	1.6	1.7	2.4	-2.7%	13.0%
<b>Transfers and subsidies</b>	<b>-</b>	<b>8.0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>22.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Public corporations and private enterprises	-	8.0	-	-	-	22.6%	-	-	-	-	-
<b>Total</b>	<b>0.5</b>	<b>13.3</b>	<b>9.0</b>	<b>12.7</b>	<b>203.4%</b>	<b>100.0%</b>	<b>15.3</b>	<b>16.1</b>	<b>19.4</b>	<b>15.0%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.1%	2.3%	1.3%	1.7%			2.2%	1.8%	2.7%		

### Details of selected transfers and subsidies

Public corporations and private enterprises											
Private enterprises											
Private enterprises - subsidies on products and production											
Current	-	8.0	-	-	-	22.6%	-	-	-	-	-
Proudly South Africa	-	8.0	-	-	-	22.6%	-	-	-	-	-

## Personnel information

**Table 28.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Economic Development and Dialogue	Salary level	Number of posts estimated for 31 March 2014	Number of posts funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
					Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
					2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
					Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost	
		15		-	11	6.1	0.6	12	7.0	0.6	15	11.1	0.7	15	11.7	0.8	15	12.2	0.8	7.7%	100.0%
	7 - 10	3		-	1	0.2	0.2	4	1.1	0.3	3	0.9	0.3	3	0.9	0.3	3	1.0	0.3	-9.1%	22.8%
	11 - 12	2		-	4	1.6	0.4	3	1.5	0.5	2	1.1	0.6	2	1.1	0.6	2	1.2	0.6	-12.6%	15.8%
	13 - 16	10		-	6	4.2	0.7	5	4.3	0.9	10	9.2	0.9	10	9.7	1.0	10	10.0	1.0	26.0%	61.4%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on coordinating economic development policies through the activities of the National Social Dialogue and Strategic Frameworks and Capacity Building for Economic Development subprogrammes, which receive the bulk of the programme's allocation over the medium term. Improving strategies to meet the goals of creating jobs, attracting new industries and rolling out infrastructure to provide services forms a central part of these subprogrammes' activities. The main cost drivers in this programme are compensation of employees and goods and services items, specifically travel and subsistence and venues and facilities. Over the medium term, spending on compensation of employees is expected to grow at an average annual rate of 20.4 per cent. This is in line with the department's plans to increase the number of filled posts in this programme from 12 in 2013/14 to 15 in 2016/17 in order to capacitate the programme to deliver on the implementation of the accords. As at 30 November 2013, the programme had 3 vacant posts as a result of natural attrition. The department expects to fill these posts by 2014/15. Spending on goods and services is expected to increase at an average annual rate of 7.7 per cent over the medium term, due to the work around implementing the accords, including stakeholder engagement, research, formulation of plans and strategy development.

## Public entities and other agencies

### Competition Commission

#### Mandate and goals

The Competition Commission is a statutory body constituted in terms of the Competition Act (1998). It is empowered to investigate, control and evaluate restrictive business practices, including the abuse of dominant positions and mergers, and to promote the advocacy of competition issues to achieve equity and efficiency in the South African economy.

The Commission's strategic goals over the medium term are to:

- achieve demonstrable competitive outcomes in the economy
- increase stakeholder engagements to improve the competitive environment for economic activity
- build a high performance competition regulatory authority.

#### Selected performance indicators

Table 28.15 Competition Commission

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of merger cases registered per year	Mergers and acquisitions	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair, and inclusive citizenship	216	228	287	248	248	248	248
Number of prohibited practices initiated per year	Enforcements and exemptions		31	18	20	4	4	4	4
Number of prohibited practices cases referred to the competition tribunal per year	Enforcements and exemptions		20	8	18	4	4	4	4
Number of exemption evaluations completed per year	Enforcements and exemptions		-1	2	3	3	3	3	3
Number of corporate leniency applications completed per year	Cartel		-1	12	18	5	5	5	5
Number of economic research programmes conducted into specific sectors and topics related to industrial organisations	Policy and research		8	12	2	2	2	2	2

1. This indicator was introduced in 2011/12.

## Programmes/activities/objectives

Table 28.16 Competition Commission

R million	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
Administration	45.1	63.0	64.4	71.1	16.4%	33.5%	78.1	82.0	86.2	6.6%	32.2%
Mergers and acquisitions	13.0	12.5	12.1	15.9	6.8%	7.5%	17.6	19.0	20.3	8.5%	7.4%
Enforcements and exemptions	23.3	19.4	19.8	25.6	3.3%	12.4%	30.1	31.3	31.7	7.4%	12.0%
Cartel	6.8	18.7	16.3	21.3	46.2%	8.4%	24.3	24.0	25.7	6.5%	9.7%
Policy and research	18.7	24.2	30.1	30.7	18.0%	14.2%	34.5	36.4	37.6	7.0%	14.1%
Legal services	22.0	33.8	34.8	43.7	25.7%	18.2%	46.2	48.7	50.1	4.7%	19.2%
Advocacy and stakeholder relations	12.2	7.2	8.5	13.6	3.7%	5.8%	12.5	13.2	14.1	1.1%	5.4%
<b>Total expense</b>	<b>141.1</b>	<b>178.9</b>	<b>185.9</b>	<b>221.8</b>	<b>16.3%</b>	<b>100.0%</b>	<b>243.3</b>	<b>254.7</b>	<b>265.6</b>	<b>6.2%</b>	<b>100.0%</b>

## Expenditure estimates

Table 28.17 Competition Commission

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>40.3</b>	<b>54.4</b>	<b>51.6</b>	<b>51.9</b>	8.7%	25.4%	<b>56.0</b>	<b>60.5</b>	<b>60.1</b>	5.1%	22.8%
Sale of goods and services other than capital assets	38.0	50.8	49.3	49.3	9.1%	24.0%	52.5	56.8	56.2	4.5%	21.5%
<i>of which:</i>											
Administrative fees	38.0	50.8	49.3	49.3	9.1%	24.0%	52.5	56.8	56.2	4.5%	21.5%
Other non-tax revenue	2.4	3.6	2.3	2.6	2.8%	1.4%	3.5	3.7	3.9	14.6%	1.4%
<b>Transfers received</b>	<b>122.5</b>	<b>126.7</b>	<b>162.2</b>	<b>176.9</b>	<b>13.0%</b>	<b>74.6%</b>	<b>188.1</b>	<b>198.0</b>	<b>208.5</b>	<b>5.6%</b>	<b>77.2%</b>
<b>Total revenue</b>	<b>162.9</b>	<b>181.1</b>	<b>213.8</b>	<b>228.7</b>	<b>12.0%</b>	<b>100.0%</b>	<b>244.2</b>	<b>258.5</b>	<b>268.7</b>	<b>5.5%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>141.1</b>	<b>178.9</b>	<b>185.9</b>	<b>221.8</b>	<b>16.3%</b>	<b>100.0%</b>	<b>243.3</b>	<b>254.7</b>	<b>265.6</b>	<b>6.2%</b>	<b>100.0%</b>
Compensation of employees	82.5	101.5	104.9	133.1	17.3%	57.9%	149.1	159.6	166.2	7.7%	61.6%
Goods and services	55.6	73.0	78.5	84.3	14.9%	40.1%	89.6	90.2	94.5	3.9%	36.5%
Depreciation	2.9	4.3	2.4	4.3	14.5%	1.9%	4.6	4.8	4.8	3.2%	1.9%
Interest, dividends and rent on land	0.2	0.1	0.1	0.1	-19.8%	0.1%	0.1	0.1	0.1	-	0.0%
<b>Total expenses</b>	<b>141.1</b>	<b>178.9</b>	<b>185.9</b>	<b>221.8</b>	<b>16.3%</b>	<b>100.0%</b>	<b>243.3</b>	<b>254.7</b>	<b>265.6</b>	<b>6.2%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>22.0</b>	<b>2.0</b>	<b>28.0</b>	<b>7.0</b>	<b>-31.7%</b>		<b>-</b>	<b>4.0</b>	<b>3.0</b>	<b>-24.6%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	7.5	5.1	5.6	11.5	15.4%	11.6%	8.0	4.2	4.0	-29.9%	12.3%
<i>of which:</i>											
Acquisition of assets	3.6	1.9	2.9	1.1	-31.7%	3.6%	1.0	1.0	1.0	-3.9%	1.8%
Inventory	0.3	0.3	0.1	0.2	-10.2%	0.4%	0.2	0.2	0.2	-	0.4%
Receivables and prepayments	0.3	0.1	0.4	1.2	54.1%	0.8%	1.3	1.4	1.2	0.0%	2.3%
Cash and cash equivalents	42.9	78.7	91.7	45.2	1.8%	87.3%	45.3	47.6	54.0	6.1%	85.1%
<b>Total assets</b>	<b>51.0</b>	<b>84.2</b>	<b>97.8</b>	<b>58.1</b>	<b>4.5%</b>	<b>100.0%</b>	<b>54.8</b>	<b>53.5</b>	<b>59.3</b>	<b>0.7%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	27.2	29.4	57.3	29.4	2.6%	49.4%	29.4	29.4	29.4	-	52.2%
Capital reserve fund	-	-	2.1	-	-	0.5%	-	-	-	-	-
Finance lease	1.2	0.2	1.7	0.7	-15.4%	1.4%	0.2	0.2	-	-100.0%	0.5%
Deferred income	0.2	-	-	-	-100.0%	0.1%	-	-	-	-	-
Trade and other payables	22.0	54.5	36.6	23.5	2.3%	46.4%	20.6	19.0	25.0	2.0%	38.9%
Provisions	0.1	0.1	0.1	4.5	227.5%	2.1%	4.7	4.9	4.9	3.5%	8.5%
Derivatives financial instruments	0.3	-	-	-	-100.0%	0.1%	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>51.0</b>	<b>84.2</b>	<b>97.8</b>	<b>58.1</b>	<b>4.5%</b>	<b>100.0%</b>	<b>54.8</b>	<b>53.5</b>	<b>59.3</b>	<b>0.7%</b>	<b>100.0%</b>

## Personnel information

**Table 28.18 Competition Commission**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	185	185	170	104.9	0.6	185	133.1	0.7	185	149.1	0.8	185	159.6	0.9	185	166.2	0.9	7.7%	100.0%
7 – 10	56	56	51	19.4	0.4	56	27.3	0.5	56	29.4	0.5	56	30.1	0.5	56	31.7	0.6	5.1%	30.3%
13 – 16	129	129	119	85.5	0.7	129	105.8	0.8	129	119.7	0.9	129	129.5	1.0	129	134.5	1.0	8.3%	69.7%

1. Rand million.

## Expenditure trends

The Competition Commission's revenue is derived mostly from transfers from the department. Other sources of revenue include filing fees paid by external parties, mainly for merger and acquisition transactions. Revenue is expected to grow at an average rate of 5.5 per cent over the medium term and will be used to support the ongoing goal of realising competitive outcomes in the economy.

The spending focus over the medium term will be on building enforcement capacity in line with the strategic objective to increase equity and performance in the South African economy through competition and enhancing economic activity through strategic partnerships, engagement, investments, dialogue, and advocacy. To achieve these goals, the commission will continue to focus on building a high performance regulatory agency, in line with best practices. Thus, expenditure on compensation of employees is the largest item of expenditure. The increase in spending on compensation of employees is due to the increase in the cases notified, which required the acquisition of more staff between 2010/11 and 2013/14. The commission had a funded establishment of 185 posts, 20 of which were vacant at the end of November 2013. These vacancies are due to the difficulty of finding scarce skills in a highly specialised sector. The commission will improve recruitment strategies and plans to fill all key vacancies by 2014.

Expenditure over the medium term is expected to increase at an average rate of 6.2 per cent due to the criminalisation of cartels and envisaged market enquiries for which experts will need to be hired, additional computer equipment purchased and communication, travel and subsistence expenses.

Expenditure increased significantly between 2010/11 and 2013/14 as the number of investigations grew because of the commission's proactive approach to enforcement activities through improved planning and the prioritisation of its corporate leniency policy. In June 2013, the commission finalised the fast-tracking of settlements of fines and penalties in the construction sector, and will continue with the finalisation of the phase 2 cases.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Competition Tribunal** is an adjudicative agency that rules on large mergers and alleged restrictive practice cases. The department transfer payment to the tribunal for 2014/15 is R18.1 million.
- The **Industrial Development Corporation of South Africa** is a national development finance institution, and has been reporting to the Economic Development Department since April 2010. The primary objective of the corporation is to support industrial capacity development to facilitate the creation of sustainable employment opportunities. The corporation does not receive annual transfers from the department.
- The **International Trade Administration Commission of South Africa** aims to foster economic growth and development to raise incomes and promote investment and employment in South Africa. The department transfer payment to the commission for 2014/15 is R85.1 million.

- The **Small Enterprise Finance Agency** is mandated to increase access to and the provision of finance for South African SMMEs, thereby contributing to job creation. The department transfer payment to the agency for 2014/15 is R242.6 million.

# Vote 29

## Energy

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	244.1	238.6	0.4	5.2	255.6	272.0
Energy Policy and Planning	52.6	52.6	–	–	50.3	53.6
Petroleum and Petroleum Products Regulation	82.7	82.7	–	–	79.8	83.6
Electrification and Energy Programme and Project Management	4 199.2	49.9	4 149.3	–	5 890.3	6 203.1
Nuclear Energy	850.5	44.1	806.4	–	682.3	718.7
Clean Energy	1 986.5	50.5	1 936.0	–	1 030.3	1 053.9
<b>Total expenditure estimates</b>	<b>7 415.6</b>	<b>518.3</b>	<b>6 892.1</b>	<b>5.2</b>	<b>7 988.6</b>	<b>8 384.9</b>

Executive authority: Minister of Energy  
 Accounting officer: Director General of Energy  
 Website address: www.energy.gov.za

*The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za. These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Formulate energy policies, regulatory frameworks and legislation, and oversee their implementation to ensure energy security, promotion of environmentally friendly energy carriers and access to affordable and reliable energy for all South Africans.*

### Mandate

The Department of Energy is mandated to ensure the secure and sustainable provision of energy for socioeconomic development. This is achieved by developing an integrated energy plan, regulating the energy industries, and promoting investment in accordance with the integrated resource plan. A number of acts regulate the energy sector and reflect the legislative measures the department has instituted to govern the energy sector. Key among these are:

- the National Energy Act (2008)
- the Petroleum Products Act (1977)
- the Electricity Regulation Act (2006)
- the Central Energy Fund Act (1977).

The National Energy Act (2008) sets out the core aspects of the department's mandate. These are to:

- ensure that diverse energy resources are available in sustainable quantities and at affordable prices in the South African economy to support economic growth and poverty alleviation, while also taking into account environmental considerations
- plan for the increased generation and consumption of renewable energy, contingency energy supply, the holding of strategic energy feedstock and carriers, adequate investment in appropriate upkeep, and access to energy infrastructure
- collect data and information regarding energy demand, supply and generation
- promote electricity regulation, energy research, and the efficient generation and consumption of energy.

The department is also mandated to regulate the petroleum industry at the manufacturing, wholesale and retail levels, through the implementation of the Petroleum Products Act (1977). The Petroleum and Liquid Fuels Charter is annexed to the Petroleum Products Amendment Act (2003), and is an important part of the department's strategy to effect the transformation of the industry.

In terms of its policy mandates, the department is working with a range of documents and legislation which: support the long term vision for South Africa to use as much renewable energy as possible; create the necessary conditions for the introduction of an independent systems operator and independent power producers in the electricity market; and position South Africa to become globally competitive in the use of innovative technology for the design, manufacture and deployment of state of the art nuclear energy systems, power reactors, and nuclear fuel cycle systems.

## **Strategic goals**

The department's strategic goals over the medium term are to:

- ensure that energy supply is secure and demand is well managed
- facilitate an efficient, competitive and responsive energy infrastructure network
- ensure that there is improved energy regulation and competition
- ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector
- ensure that environmental assets and natural resources are protected and continually enhanced by cleaner energy technologies
- implement policies that adapt to and mitigate the effects of climate change
- implement good corporate governance for effective and efficient service delivery.

## **Programme purposes**

### **Programme 1: Administration**

**Purpose:** Provide strategic support and management services to the department.

### **Programme 2: Energy Policy and Planning**

**Purpose:** Ensure evidence based planning, policy setting and investment decisions in the energy sector to improve the security of energy supply, regulation and competition.

### **Programme 3: Petroleum and Petroleum Products Regulation**

**Purpose:** Manage the regulation of petroleum and petroleum products to ensure the optimum and orderly functioning of the petroleum industry to achieve government's development goals.

### **Programme 4: Electrification and Energy Programme and Project Management**

**Purpose:** Manage, coordinate and monitor programmes and projects focused on access to energy.

### **Programme 5: Nuclear Energy**

**Purpose:** Manage the South African nuclear energy industry and control nuclear materials in terms of international obligations, and nuclear energy legislation and policies to ensure the peaceful use of nuclear energy.

### **Programme 6: Clean Energy**

**Purpose:** Manage and facilitate the development and implementation of clean and renewable energy initiatives, as well as energy efficiency and demand side management initiatives.

## Selected performance indicators

**Table 29.1 Energy**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new operational integrated energy centres established per year	Electrification and Energy Programme and Project Management	Departmental mandate	2	2	2	2	2	1	1
Number of new petroleum retail site inspections per year	Petroleum and Petroleum Products Regulation	Outcome 6: An efficient, competitive and responsive economic infrastructure network	3 360	1 500	1 500	1 500	2 000	2 500	3 000
Number of additional households electrified per year	Electrification and Energy Programme and Project Management	Outcome 9: A responsive, accountable, effective and efficient local government system	191 469	151 390	166 130	200 000	265 000	275 000	290 000
Number of new bulk substations built per year	Electrification and Energy Programme and Project Management	Outcome 6: An efficient, competitive and responsive economic infrastructure network	4	7	4	6	14	16	20
Number of additional substations upgraded per year	Electrification and Energy Programme and Project Management		3	10	5	10	10	10	10
Kilometres of new medium voltage power lines constructed per year	Electrification and Energy Programme and Project Management		350km	350km	275km	350km	350km	450km	450km
Kilometres of existing medium voltage power lines upgraded per year	Electrification and Energy Programme and Project Management		200km	200km	200km	220km	220km	220km	220km
Number of non-grid connections per year <sup>1</sup>	Electrification and Energy Programme and Project Management	Outcome 9: A responsive, accountable, effective and efficient local government system	-1	-1	9 343	15 000	20 000	25 000	30 000
Number of terawatts per hour of energy savings realised and verified from energy efficiency and demand side management projects <sup>1</sup>	Clean Energy	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	-1	1 TWh	1.2 TWh	1.2 TWh	2.5 TWh	2.5 TWh	2.5 TWh
Number of solar water heating units installed in residential and commercial sectors per year	Clean Energy		55 000	242 000	353 188	129 679	204 000	87 500	92 137

<sup>1</sup>. No past data as the indicator is new.

## The national development plan

The national development plan envisages that by 2030 South Africa will have an adequate supply of electricity and liquid fuels to ensure that economic activity and welfare are not disrupted, and that at least 95 per cent of the population should have access to grid or off-grid electricity. To support this vision, the integrated resource

plan proposes that gas, imported hydro-power, and other renewable resources like wind, solar, and hydro-electricity, will be viable alternatives to coal and will supply at least 20 000 Megawatts of the additional 29 000 Megawatts of electricity needed by 2030.

In order to improve energy security across the entire electricity value chain, the plan recommends investment in human capital and the rehabilitation of electricity distribution infrastructure. A funding model for the electricity distribution infrastructure rehabilitation programme was being developed in 2013/14 and is due to be completed in 2014/15. Funds will continue to be allocated to research and development by the South African National Energy Development Institute for a carbon capture and storage project. In support of the development of an appropriate regulatory framework for hydraulic fracturing for shale gas, the gas utilisation master plan was being developed in 2013/14 as part of the integrated energy plan, and is due to be finalised by the end of March 2014. The integrated energy plan will map out the country's energy and infrastructure requirements up to 2050 for electricity, gas and petroleum in a manner that aligns with the strategic objectives outlined in the national development plan. The department aims to introduce more independent power producers into the market on a yearly basis to produce at least the capacity of 1 000 Megawatts to increase to 18 Gigawatts of capacity, to be in line with the integrated resource plan. The 2012 Independent System and Market Operator Bill, which facilitates the creation of a conducive environment for private sector investment in the electricity sector when enacted, will support this objective.

The department established a task team to develop a plan to implement the national development plan. The implementation plan was approved in December 2013, and is inclusive of different approaches and time frames to be applied and adhered to for the implementation of recommendations from the plan. Some of the major activities related to the plan will be increased demand side management measures; the revision to the national electrification plan to ensure universal access of 97 per cent by 2025; the implementation of the strategic stocks policy to ensure security of supply; and a decision on South Africa's nuclear future by the national nuclear energy executive coordination committee, especially after actual costs and financing options are revealed.

## Expenditure estimates

**Table 29.2 Energy**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million						2010/11 - 2013/14	2013/14 - 2016/17					
Administration	121.6	192.7	216.8	219.6	212.8	20.5%	3.0%	244.1	255.6	272.0	8.5%	3.3%
Energy Policy and Planning	1 607.2	1 541.9	1 545.3	47.2	45.0	-69.6%	19.1%	52.6	50.3	53.6	6.0%	0.7%
Petroleum and Petroleum Products Regulation	24.1	27.2	44.4	68.8	69.3	42.2%	0.7%	82.7	79.8	83.6	6.5%	1.0%
Electrification and Energy Programme and Project Management	2 772.1	3 274.5	3 116.0	3 952.5	3 946.2	12.5%	52.8%	4 199.2	5 890.3	6 203.1	16.3%	66.8%
Nuclear Energy	612.3	642.3	643.2	708.8	730.8	6.1%	10.6%	850.5	682.3	718.7	-0.6%	9.9%
Clean Energy	368.0	495.7	1 093.3	1 506.3	1 483.1	59.1%	13.9%	1 986.5	1 030.3	1 053.9	-10.8%	18.3%
<b>Total</b>	<b>5 505.4</b>	<b>6 174.3</b>	<b>6 659.0</b>	<b>6 503.2</b>	<b>6 487.2</b>	<b>5.6%</b>	<b>100.0%</b>	<b>7 415.6</b>	<b>7 988.6</b>	<b>8 384.9</b>	<b>8.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(94.9)	(111.0)			201.0	18.0	25.0		
<b>Economic classification</b>												
<b>Current payments</b>	<b>233.9</b>	<b>341.2</b>	<b>371.7</b>	<b>460.3</b>	<b>421.0</b>	<b>21.7%</b>	<b>5.5%</b>	<b>518.3</b>	<b>530.0</b>	<b>562.3</b>	<b>10.1%</b>	<b>6.7%</b>
Compensation of employees	142.8	184.8	201.5	242.6	226.5	16.6%	3.0%	291.9	307.4	328.3	13.2%	3.8%
Goods and services	91.0	156.3	170.2	217.7	194.5	28.8%	2.5%	226.4	222.6	234.0	6.4%	2.9%
of which:												
Consultants and professional services: Business and advisory services	9.8	35.6	15.4	17.9	17.4	21.0%	0.3%	34.9	30.2	30.3	20.4%	0.4%
Operating leases	17.3	25.8	28.6	36.7	36.7	28.6%	0.4%	36.9	38.9	40.9	3.6%	0.5%
Travel and subsistence	31.8	40.1	37.0	62.9	60.2	23.7%	0.7%	57.8	52.8	56.4	-2.1%	0.8%
Venues and facilities	5.0	8.2	4.2	28.5	14.1	41.7%	0.1%	27.3	27.7	13.1	-2.4%	0.3%

Table 29.2 Energy

Details of selected transfer and subsidies	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16			2016/17
R million													
<b>Transfers and subsidies</b>	<b>5 268.2</b>	<b>5 829.0</b>	<b>6 276.7</b>	<b>6 034.3</b>	<b>6 057.5</b>	<b>4.8%</b>	<b>94.4%</b>	<b>6 892.1</b>	<b>7 453.2</b>	<b>7 816.9</b>	<b>8.9%</b>	<b>93.2%</b>	
Provinces and municipalities	1 253.4	1 376.6	1 351.4	1 815.5	1 815.5	13.1%	23.4%	1 241.6	2 244.4	2 368.9	9.3%	25.3%	
Departmental agencies and accounts	81.5	55.5	99.0	202.5	202.5	35.4%	1.8%	196.4	124.0	93.7	-22.7%	2.0%	
Foreign governments and international organisations	-	-	-	13.6	36.8		0.1%	12.1	12.5	13.1	-29.0%	0.2%	
Public corporations and private enterprises	3 933.2	4 396.7	4 825.9	4 002.3	4 002.3	0.6%	69.1%	5 441.7	5 071.9	5 340.8	10.1%	65.6%	
Households	0.1	0.2	0.3	0.4	0.4	65.2%	0.0%	0.4	0.4	0.4	4.7%	0.0%	
<b>Payments for capital assets</b>	<b>3.3</b>	<b>4.0</b>	<b>10.6</b>	<b>8.7</b>	<b>8.7</b>	<b>37.7%</b>	<b>0.1%</b>	<b>5.2</b>	<b>5.4</b>	<b>5.7</b>	<b>-12.9%</b>	<b>0.1%</b>	
Machinery and equipment	3.3	4.0	9.9	8.7	8.7	37.7%	0.1%	5.2	5.4	5.7	-12.9%	0.1%	
Software and other intangible assets	-	-	0.6	-	-		0.0%	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>0.1</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>5 505.4</b>	<b>6 174.3</b>	<b>6 659.0</b>	<b>6 503.2</b>	<b>6 487.2</b>	<b>5.6%</b>	<b>100.0%</b>	<b>7 415.6</b>	<b>7 988.6</b>	<b>8 384.9</b>	<b>8.9%</b>	<b>100.0%</b>	

## Personnel information

Table 29.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment														Number			
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
Energy		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	554	54	611	201.5	0.3	616	226.5	0.4	624	291.9	0.5	624	307.4	0.5	624	328.3	0.5	0.4%	100.0%
1 – 6	109	53	196	21.7	0.1	132	16.5	0.1	127	20.5	0.2	127	21.6	0.2	127	23.1	0.2	-1.3%	20.6%
7 – 10	289	-	245	59.9	0.2	287	83.2	0.3	288	104.3	0.4	288	109.8	0.4	288	117.3	0.4	0.1%	46.3%
11 – 12	92	1	92	50.9	0.6	102	49.5	0.5	107	64.7	0.6	107	68.2	0.6	107	72.8	0.7	1.6%	17.0%
13 – 16	62	-	76	65.2	0.9	93	74.3	0.8	100	98.4	1.0	100	103.7	1.0	100	110.7	1.1	2.4%	15.8%
Other	2	-	2	3.9	1.9	2	3.1	1.6	2	3.9	2.0	2	4.1	2.1	2	4.4	2.2	-	0.3%

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

<sup>2</sup>. Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on expanding the integrated national electrification programme to increase the number of households with a connection to the electricity grid and the number of non-grid connections, provide substation infrastructure, and promote energy efficiency through the continuation of the solar water geyser programme. Thus, over the medium term, 93.2 per cent of the department's budget is expected to be transferred to the implementing municipalities and agencies, and the state owned company Eskom. Transfer payments for the integrated national electrification programme, and the energy efficiency and demand side management programme, constitute on average 67.4 per cent and 15.5 per cent of total expenditure over the medium term.

Established in 2001/02, the integrated national electrification programme aims to address electrification backlogs in line with the recommendations of the 1998 White Paper on Energy Policy. The programme over the past 10 years electrified newly built households and informal settlements, and reduced backlogs. The new household electrification strategy, which was approved by Cabinet in June 2013, has set a access target of 97 per cent of households by 2025. Furthermore, the strategy focuses on the electrification of about 90 per cent of households through grid connections, and the rest with high quality non-grid solar home systems or other possible technologies based on cost effective options. This is evident in the increase in transfers and subsidies, as well as the *Electrification and Energy Programme and Project Management* programme over the medium term. To increase the number of households connected to the electricity grid, spending in this programme increased by 12.5 per cent between 2010/11 and 2013/14. In 2012/13, 175 473 connections were made, of which

166 130 were grid connections and 9 343 were off-grid connections. Eskom made 118 926 or 71.6 per cent of the total grid connections, while municipalities made 47 204 or 28.4 per cent. Over the medium term, total expenditure is estimated to increase to R8.4 billion in 2016/17, mostly in transfers and subsidies, to provide for the expansion and acceleration of electrification programmes to meet the universal access target.

As the government and Eskom have sought to make solar water heating technology more affordable and accessible to citizens, the department rolled out the solar water geyser programme in 2012/13 through the *Clean Energy* programme. Thus expenditure in the programme increased significantly from R368 million in 2010/11 to R1.5 billion in 2013/14 to roll out 1 million solar water geyser units. Over the medium term, expenditure is expected to decrease to R1.1 billion in order to match allocations with delivery.

The South African Nuclear Energy Corporation, which provides products and services to various market sectors, including industry and medicine, receives additional funding of R190 million in 2014/15 through the *Nuclear Energy* programme. The additional funding is to make improvements to SAFARI-1 nuclear reactor, conduct research and development, and upgrade and refurbish the Pelindaba facilities in 2014/15.

Cabinet approved budget reductions of R15 million in 2014/15, R10 million in 2015/16 and R5 million in 2016/17 are made to the department's budget. These reductions will be implemented in the energy efficiency and demand side management grant paid to municipalities as a result of slow spending.

The significant increase in spending on compensation of employees between 2010/11 and 2013/14 was due to additional funds for capacitating areas in the department where critical skills are required, mainly in the *Electrification and Energy Programme and Project Management* and *Nuclear Energy* programmes. Over this period, the department's filled posts increased to 616 in 2013/14, including 54 filled in addition to the approved establishment. Following a review of its organisational structure in 2013/14, the department was allocated additional funding of R84 million to increase the approved establishment to 624 posts in 2014/15, in line with the resources required for the department to carry out its mandate. As a result, expenditure on compensation of employees is expected to increase over the medium term, largely due to increased staff costs.

## Infrastructure spending

### *Mega project: Integrated national electrification programme*

The department makes transfer payments to Eskom and municipalities for the integrated national electrification programme. These transfers fund infrastructure for the electrification of households, and the building and upgrading of substations and electrical networks. Between 2010/11 and 2013/14, R12.4 billion was spent on electricity infrastructure, of which R4.6 billion was spent by municipalities, R7.5 billion by Eskom, and R315.3 million by non-grid service providers. The spending provided electricity connections to 508 989 households over the period. The non-grid electrification programme will in future be implemented throughout the country, including those parts outside concessionary areas and particularly those with low density and low consumption households. A once-off allocation of R320 million in 2013/14 was distributed to nine municipalities facing severe electricity distribution challenges in order to improve their distribution asset condition.

Over the medium term, the spending on electrification infrastructure is expected to increase to R6.1 billion in 2016/17 to electrify 905 000 households over the medium term. 50 new substations will also be built, 32 by independent power producers, while a total of 30 substations will be upgraded.

### *Mega project: new generation capacity through independent power producers*

In line with the national development plan, the energy sector has developed sector plans: an integrated resource plan for electricity, a gas utilisation master plan for gas, and a plan for liquid fuels. The implementation of the integrated resource plan for ensuring energy security involves the development of infrastructure, including power stations and transmission lines, by Eskom and independent power producers. The department has focused on introducing independent power producers using renewable energy technologies such as wind, solar photovoltaic, concentrated solar power, biomass and hydro, through bidding rounds, in terms of which project developers compete on the most attractive projects that yield the lowest cost to the electricity consumer while maximising local economic development. By September 2013, three bidding rounds under the renewable energy independent power producers procurement programme had been concluded to contract for about 3 900 Megawatts, which represents approximately R120 billion of direct investment in the green economy.

Further bidding rounds in which bidders will be awarded contracts for generating 1 000 Megawatts will be held each year until the capacity of 18 Gigawatts has been created, in line with the integrated resource plan.

In addition to their involvement in this renewable energy programme, independent power producers are due to be introduced to the baseload programme utilising coal, co-generation, gas, and imported hydro technologies. This is in parallel to the baseload programme executed by Eskom, in terms of which Medupi and Kusile power stations are being developed.

## Departmental receipts

Table 29.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2010/11 - 2013/14	2014/15		
R thousand												
<b>Departmental receipts</b>	<b>3 917</b>	<b>3 381</b>	<b>2 516</b>	<b>2 912</b>	<b>3 613</b>	<b>-2.7%</b>	<b>3.1%</b>	<b>2 647</b>	<b>2 777</b>	<b>2 907</b>	<b>-7.0%</b>	<b>24.4%</b>
<b>Sales of goods and services produced by department</b>	<b>3 705</b>	<b>2 872</b>	<b>2 296</b>	<b>2 472</b>	<b>3 022</b>	<b>-6.6%</b>	<b>2.7%</b>	<b>2 429</b>	<b>2 559</b>	<b>2 685</b>	<b>-3.9%</b>	<b>21.9%</b>
Sales by market establishments	169	255	233	135	135	-7.2%	0.2%	-	-	-	-100.0%	0.3%
of which:												
Sales by market establishment	169	255	233	135	135	-7.2%	0.2%	-	-	-	-100.0%	0.3%
Administration fees	3 484	2 549	2 056	2 257	2 807	-6.9%	2.5%	2 381	2 511	2 637	-2.1%	21.1%
of which:												
Administration fees	3 484	2 549	2 056	2 257	2 807	-6.9%	2.5%	2 381	2 511	2 637	-2.1%	21.1%
Other sales	52	68	7	80	80	15.4%	-	48	48	48	-15.7%	0.5%
of which:												
Other sales	52	68	7	80	80	15.4%	-	48	48	48	-15.7%	0.5%
Sales of scrap, waste, arms and other used current goods	-	-	1	4	4	-	-	-	-	4	-	-
of which:												
List item	-	-	1	4	4	-	-	-	-	4	-	-
Transfers received	-	-	-	16	16	-	-	-	-	-	-100.0%	-
Interest, dividends and rent on land	14	168	85	40	40	41.9%	0.1%	15	15	15	-27.9%	0.2%
Interest	14	168	85	40	40	41.9%	0.1%	15	15	15	-27.9%	0.2%
Transactions in financial assets and liabilities	198	341	134	380	531	38.9%	0.3%	203	203	203	-27.4%	2.3%
National Revenue Fund receipts	-	-	387 618	-	37 000	-	96.9%	-	-	-	-100.0%	75.6%
of which:												
Electricity Distribution Industry Holding Company	-	-	387 618	-	37 000	-	96.9%	-	-	-	-100.0%	75.6%
<b>Total</b>	<b>3 917</b>	<b>3 381</b>	<b>390 134</b>	<b>2 912</b>	<b>40 613</b>	<b>118.1%</b>	<b>100.0%</b>	<b>2 647</b>	<b>2 777</b>	<b>2 907</b>	<b>-58.5%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 29.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16
R million												
Ministry	17.9	28.5	23.3	24.8	11.3%	12.6%	25.4	26.8	28.4	4.7%	10.6%	
Departmental Management	18.6	25.8	35.8	45.6	34.8%	16.8%	51.4	53.2	57.0	7.7%	20.9%	
Finance Administration	20.8	39.4	52.2	35.3	19.3%	19.7%	35.4	36.9	39.3	3.7%	14.8%	
Audit Services	2.3	4.5	5.9	5.3	31.2%	2.4%	5.5	5.8	6.2	5.3%	2.3%	
Corporate Services	54.8	69.3	74.1	77.2	12.1%	36.7%	91.1	95.7	102.0	9.7%	36.9%	
Office Accommodation	7.1	25.3	25.6	31.4	64.5%	11.9%	35.2	37.1	39.1	7.5%	14.4%	
<b>Total</b>	<b>121.6</b>	<b>192.7</b>	<b>216.8</b>	<b>219.6</b>	<b>21.8%</b>	<b>100.0%</b>	<b>244.1</b>	<b>255.6</b>	<b>272.0</b>	<b>7.4%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				(1.3)			13.7	16.0	16.0			

Table 29.5 Administration

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Current payments</b>	<b>118.2</b>	<b>188.5</b>	<b>206.0</b>	<b>210.9</b>	<b>21.3%</b>	<b>96.4%</b>	<b>238.6</b>	<b>249.8</b>	<b>265.8</b>	<b>8.0%</b>	<b>97.4%</b>
Compensation of employees	57.9	82.5	90.2	112.9	24.9%	45.8%	132.8	139.8	149.3	9.8%	54.0%
Goods and services	60.3	105.9	115.8	97.9	17.6%	50.6%	105.8	109.9	116.5	6.0%	43.4%
of which:											
Consultants and professional services:	2.5	20.1	4.6	5.2	28.2%	4.3%	4.0	3.9	4.1	-7.4%	1.7%
Business and advisory services											
Operating leases	16.2	25.8	28.6	36.7	31.4%	14.3%	36.9	38.9	40.9	3.7%	15.5%
Travel and subsistence	19.1	24.2	22.0	24.5	8.7%	12.0%	22.9	21.8	23.6	-1.2%	9.4%
Venues and facilities	4.5	5.3	1.9	3.6	-7.0%	2.0%	2.9	3.0	3.2	-4.3%	1.3%
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.4</b>	<b>65.2%</b>	<b>0.1%</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>4.7%</b>	<b>0.2%</b>
Households	0.1	0.1	0.2	0.4	65.2%	0.1%	0.4	0.4	0.4	4.7%	0.2%
<b>Payments for capital assets</b>	<b>3.3</b>	<b>4.0</b>	<b>10.5</b>	<b>8.4</b>	<b>36.3%</b>	<b>3.5%</b>	<b>5.2</b>	<b>5.4</b>	<b>5.7</b>	<b>-12.0%</b>	<b>2.5%</b>
Machinery and equipment	3.3	4.0	9.9	8.4	36.3%	3.4%	5.2	5.4	5.7	-12.0%	2.5%
Software and other intangible assets	-	-	0.6	-	-	0.1%	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>0.1</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>121.6</b>	<b>192.7</b>	<b>216.8</b>	<b>219.6</b>	<b>21.8%</b>	<b>100.0%</b>	<b>244.1</b>	<b>255.6</b>	<b>272.0</b>	<b>7.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>2.2%</b>	<b>3.1%</b>	<b>3.3%</b>	<b>3.4%</b>			<b>3.3%</b>	<b>3.2%</b>	<b>3.2%</b>		

## Personnel information

Table 29.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of funded posts	Number of posts estimated for 31 March 2014	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit	2013/14		Unit	2014/15		Unit	2015/16		Unit			2016/17		Unit
			Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	2013/14 - 2016/17	
<b>Administration</b>			<b>292</b>	<b>90.2</b>	<b>0.3</b>	<b>321</b>	<b>106.1</b>	<b>0.3</b>	<b>329</b>	<b>132.8</b>	<b>0.4</b>	<b>329</b>	<b>139.8</b>	<b>0.4</b>	<b>329</b>	<b>149.3</b>	<b>0.5</b>	<b>0.8%</b>	<b>100.0%</b>
Salary level	282	5																	
1 - 6	92	5	113	13.5	0.1	113	14.5	0.1	122	19.7	0.2	122	20.7	0.2	122	22.1	0.2	2.6%	36.6%
7 - 10	120	-	111	25.1	0.2	126	35.3	0.3	126	44.4	0.4	126	46.8	0.4	126	50.0	0.4	-	38.5%
11 - 12	34	-	32	17.3	0.5	40	18.6	0.5	40	23.3	0.6	40	24.5	0.6	40	26.2	0.7	-	12.2%
13 - 16	34	-	34	30.4	0.9	40	34.5	0.9	39	41.5	1.1	39	43.7	1.1	39	46.6	1.2	-0.8%	12.0%
Other	2	-	2	3.9	1.9	2	3.1	1.6	2	3.9	2.0	2	4.1	2.1	2	4.4	2.2	-	0.6%

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

2. Rand million.

## Expenditure trends

The department embarked on a restructuring process in 2013/14 to achieve better alignment between the structure and the electoral mandate. This included restructuring the regional offices to improve service delivery. The programme had a funded establishment of 282 posts in 2013/14 and 5 posts are filled in addition to this establishment. In 2013/14, the programme had 321 filled posts, the majority of which are in salary levels 7 to 10. Expenditure on compensation of employees increased significantly over the medium term mainly due to additional funding of R29.5 million out of a total of R66 million to improve the human resource capacity of the department's support service structure in order to implement these and other objectives. This expansion in human resources is expected to result in an increase in expenditure on communication, training and development, and audit fees over the same period. Over the medium term, it is expected that the establishment will increase to 329 posts, which also accounts for the strong growth in the compensation of employees' budget to support human resource capacity in the line functions.

The department relocated its head office during 2012/13 to Matimba House to cater for the growing establishment. Thus, expenditure in the *Office Accommodation* subprogramme increased significantly in 2013/14. The relocation also accounts for a large increase in operating leases expenditure between 2010/11 and 2012/13.

## Programme 2: Energy Policy and Planning

### Objectives

- Improve energy security by:
  - regulating demand and introducing a diversified mix of energy generation technologies on an ongoing basis
  - increasing competition in the energy sector by introducing independent power producers utilising renewable technologies through a bidding process on an annual basis
  - planning interventions to expand energy infrastructure through the development of a policy framework for the integrated energy plan, the integrated resource plan, the liquid fuels infrastructure roadmap, the transmission development plan, and the major distribution infrastructure plan, over the medium term
  - publishing an annual energy statistics report to facilitate information based decision making.
- Address current and envisaged energy supply and distribution constraints by developing the planned approach to distribution asset management for the rehabilitation of critical municipal electricity distribution infrastructure by the end of June 2014.
- Improve liquid fuels energy security by developing and implementing the liquid fuels 20-year infrastructure plan over the medium term.

### Subprogrammes

- *Policy Analysis and Research* develops key indicators and monitors the impact of energy sector policies, planning and interventions; analyses all energy policies and their impact on access to energy and on the security of energy supply; conducts research and analyses policies in relation to other countries; and carries out research and analysis on national and international trends or developments that impact on the demand and supply of energy. In 2012/13, the draft integrated energy plan report was completed and circulated to the integrated energy plan steering committee. It was also presented at an integrated energy plan colloquium before being forwarded to Cabinet for approval. The report was approved for public release by Cabinet and was subsequently published in the Government Gazette in 2013/14. By the end of September 2013, the first consultation workshop had been held in Johannesburg, with other provincial consultation workshops taking place in October and November 2013. This subprogramme had a staff complement of 3 in 2013/14.
- *Energy Planning* manages energy data and information; develops and maintains an energy modelling system to stimulate energy supply and distribution; identifies energy supply and distribution constraints and addresses them through the integrated energy plan; manages the overall collection, collation, validation, integrity and quality of energy data; and is responsible for managing the development of energy plans and strategic interventions for the generation, refining, distribution and transmission of energy sources for demand and supply optimisation. Over the medium term, the focus will be on developing standardised tools for connecting data, centralising the collection and storage of energy data collected within the unit, and automating the submission of energy data by the oil industry. In 2012/13, fuel sales volume data was collected, quality checked, and stored in the database. Disaggregated data was published on the department's website and provided to stakeholders in accordance with the recommendation made by the Competition Commission. By the end of September 2013, a preliminary oil questionnaire had been submitted to the Joint Organisations Data Initiative, and the 2013 third quarter prices and taxes questionnaire had been submitted to the International Energy Agency. This subprogramme had a staff complement of 23, including 1 contracted intern, in 2013/14.
- *Hydrocarbon Policy* ensures a secure energy supply, well managed demand, and enhanced access to hydrocarbons; a transformed energy sector; and ensures that energy regulation and competition is improved through the development, promulgation and maintenance of a statutory framework for petroleum, petroleum products, petroleum infrastructure, coal and gas. Between 2010 and 2013, Transnet's construction of the new multi-purpose pipeline from Durban to Johannesburg was monitored and reported on. In 2012/13, the final allocation of R1.5 billion was transferred to Transnet and an oversight visit to the Durban terminal was conducted. In 2013/14, stakeholder comments were considered and incorporated into a draft gas amendment

bill, which was then presented to the National Economic Development and Labour Council for analysis. This subprogramme had a staff complement of 20, including 1 contracted intern, in 2013/14.

- *Electricity, Energy Efficiency and Environmental Policy* ensures secure energy supply; well managed demand and a transformed energy sector; and energy regulation and competition that is improved through the development, promulgation and maintenance of a statutory framework for electricity over the medium term. A final independent system and market operator report was submitted to Parliament for consideration of options with, and without, transmission assets. In 2012/13, the National Assembly considered the Independent System and Market Operator Bill, which provides for an independent, integrated system of power generation without transmission assets. A draft report for the second phase of the South African coal roadmap was also developed. By the end of September 2013, the third window of the renewable energy independent power producers programme, during which bid documents were assessed, was completed, allowing for the selection of candidates prior to the start of construction work related to renewable energy technologies. This subprogramme had a staff complement of 8 in 2013/14.

## Expenditure estimates

**Table 29.7 Energy Policy and Planning**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Policy Analysis and Research	69.7	3.4	11.9	3.8	-62.0%	1.9%	4.4	4.1	4.3	4.3%	8.2%
Energy Planning	20.5	17.1	14.9	21.7	1.9%	1.6%	25.4	23.8	25.3	5.2%	47.2%
Hydrocarbon Policy	1 512.9	1 515.5	1 513.4	13.4	-79.3%	96.1%	14.5	14.0	15.0	3.8%	27.9%
Electricity, Energy Efficiency and Environmental Policy	4.1	5.9	5.2	8.3	26.2%	0.5%	8.3	8.4	9.0	3.1%	16.7%
<b>Total</b>	<b>1 607.2</b>	<b>1 541.9</b>	<b>1 545.3</b>	<b>47.2</b>	<b>-69.1%</b>	<b>100.0%</b>	<b>52.6</b>	<b>50.3</b>	<b>53.6</b>	<b>4.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(4.0)			(0.8)	(1.3)	0.9		

### Economic classification

<b>Current payments</b>	<b>45.7</b>	<b>41.9</b>	<b>45.3</b>	<b>47.2</b>	<b>1.1%</b>	<b>3.8%</b>	<b>52.6</b>	<b>50.3</b>	<b>53.6</b>	<b>4.4%</b>	<b>100.0%</b>
Compensation of employees	31.3	30.4	33.4	30.6	-0.8%	2.7%	35.5	37.4	39.9	9.2%	70.4%
Goods and services	14.3	11.5	11.9	16.6	5.0%	1.1%	17.1	12.9	13.7	-6.1%	29.6%
of which:											
Consultants and professional services:	5.0	6.7	5.9	2.0	-26.7%	0.4%	1.1	1.3	1.3	-12.3%	2.8%
Business and advisory services											
Travel and subsistence	3.8	3.3	3.8	8.8	32.1%	0.4%	9.2	5.2	5.6	-13.9%	14.2%
Venues and facilities	0.1	0.2	0.6	0.0	-34.1%	-	3.8	3.5	3.7	490.6%	5.4%
<b>Transfers and subsidies</b>	<b>1 561.6</b>	<b>1 500.0</b>	<b>1 500.0</b>	<b>-</b>	<b>-100.0%</b>	<b>96.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Departmental agencies and accounts	61.6	-	-	-	-100.0%	1.3%	-	-	-	-	-
Public corporations and private enterprises	1 500.0	1 500.0	1 500.0	-	-100.0%	94.9%	-	-	-	-	-
<b>Total</b>	<b>1 607.2</b>	<b>1 541.9</b>	<b>1 545.3</b>	<b>47.2</b>	<b>-69.1%</b>	<b>100.0%</b>	<b>52.6</b>	<b>50.3</b>	<b>53.6</b>	<b>4.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>29.2%</b>	<b>25.0%</b>	<b>23.2%</b>	<b>0.7%</b>			<b>0.7%</b>	<b>0.6%</b>	<b>0.6%</b>		

### Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
<b>Current</b>	<b>61.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>1.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Electricity Distribution Industry Holding Company	61.6	-	-	-	-100.0%	1.3%	-	-	-	-	-
Public corporations and private enterprises											
Public corporations											
Public corporations - subsidies on products and production											
<b>Capital</b>	<b>1 500.0</b>	<b>1 500.0</b>	<b>1 500.0</b>	<b>-</b>	<b>-100.0%</b>	<b>94.9%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transnet	1 500.0	1 500.0	1 500.0	-	-100.0%	94.9%	-	-	-	-	-

## Personnel information

**Table 29.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Energy Policy and Planning</b>																			
<b>Salary level</b>	65	3	81	33.4	0.4	61	28.4	0.5	59	35.5	0.6	59	37.4	0.6	59	39.9	0.7	-1.1%	100.0%
1 – 6	1	3	18	2.3	0.1	2	0.2	0.1	–	–	–	–	–	–	–	–	–	-100.0%	0.8%
7 – 10	36	–	31	8.5	0.3	32	10.4	0.3	31	12.6	0.4	31	13.3	0.4	31	14.2	0.5	-1.1%	52.5%
11 – 12	14	–	17	9.8	0.6	12	6.5	0.5	13	8.7	0.7	13	9.2	0.7	13	9.8	0.8	2.7%	21.4%
13 – 16	14	–	15	12.9	0.9	15	11.3	0.8	15	14.2	0.9	15	14.9	1.0	15	15.9	1.1	–	25.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on implementing the regulatory framework for the introduction of biofuels in the liquid fuels sector, completing the infrastructure plans for gas and liquid fuels, and revamping the legislative and regulatory frameworks for the sector. Key projects are expected to be finalised, such as the development of the energy modelling systems; the audit of refineries as an extension of scope under the 20-year liquid fuels infrastructure road map, which will look at unlocking bottlenecks in the supply value chain under the *Energy Planning* subprogramme; and the integrated energy plan within the *Policy Analysis and Research* subprogramme. The plan, which the minister is mandated to review and publish annually in the Government Gazette, aims to prescribe an energy roadmap for the country. The plan will have integrated a number of other plans by the end of March 2014, including those relating to liquid fuels, gas, energy efficiency and distribution, in order to provide policy direction in the energy sector in line with the developmental goals in the national development plan. Expenditure on goods and services, particularly in consultants and professional services, is consequently expected to decrease over the medium term due to the completion of these plans.

In 2013/14, R6 million was earmarked for the review of the asset status of the electricity distribution industry, which is to be finalised in 2014/15. This resulted in a spike in expenditure on travel and subsistence in 2013/14, which continues in 2014/15. The pilot phase of the asset rehabilitation, linked to this review, began in 2013/14, led by the integrated national electrification programme in the *Electrification and Energy Programme and Project Management* programme.

The commissioning of the new multi-products pipeline between Durban and the inland market aims to reduce the constraints in supplying liquid fuels to the inland market of Gauteng. Between 2010/11 and 2012/13, expenditure grew significantly in transfers and subsidies as a result of allocations in the *Hydrocarbon Policy* subprogramme to Transnet of R4.5 billion for the construction of the pipeline. Expenditure in the subprogramme is consequently set to decrease significantly from 2013/14 onwards as a result of the conclusion of transfers to Transnet, in accordance with the grant funding agreement.

The programme had a funded establishment of 65 posts, and 3 posts were filled additional to the establishment. As at 30 November 2013, 61 posts were filled. Expenditure on compensation of employees increased in 2012/13 due to the high number of filled posts in 2012/13 as a result of the large number of interns and contract workers employed in that year. The number of posts is expected to decrease slightly over the medium term as fewer contract employees will be required.

## Programme 3: Petroleum and Petroleum Products Regulation

### Objectives

- Ensure development and transformation of the liquid fuels industry and security of supply of petroleum products in the South African economy through monitoring and enforcing technical and economic compliance to legislation, specifications, standards and licence conditions in each year of the medium term.
- Facilitate the improved participation of historically disadvantaged individuals in the petroleum sector by enforcing compliance by wholesalers, manufacturers and retailers with the liquid fuels charter in the adjudication of licences on an ongoing basis.
- Strengthen the regulatory framework in the liquid fuels petroleum industry by implementing the regulatory accounting system to have a transparent fuel pricing mechanism that will reward investors in the liquid fuels sector throughout the value chain, by 2013/14.

### Subprogrammes

- *Petroleum Compliance, Monitoring and Enforcement* monitors compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions. This includes compliance with import and export conditions as well as enforcement of the submission of data by industry. The subprogramme also processes arbitration requests, promotion of access to information requests on behalf of the Controller of Petroleum Products, and assists in finalising appeals based on decisions of the controller. On an annual basis, the subprogramme aims to conduct 1 500 retail site inspections for petroleum manufacturers, wholesalers and retailers to ensure compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions. In 2012/13, 1 717 site inspections were carried out. By the end of September 2013, 845 inspections had been conducted. 20 non-compliance issues were identified, 6 were resolved immediately and 14 enforcement notices were issued. This subprogramme had a staff complement of 4 in 2013/14.
- *Petroleum Licensing and Fuel Supply* manages the petroleum licensing process; regulates the permitting of the export and import of petroleum products; monitors fuel stock levels; and coordinates corrective actions to avoid distribution shortages. This entails conducting licence analyses, and ensuring permit and charter compliance and hydrocarbons supply. Wholesale and retail licence applications are managed by renewing 95 per cent of licences issued within 90 days, and issuing new licences to the retail industry within 60 days. In 2012/13, no fuel supply shortages were experienced and through regular meetings with the industry's heads of supply managers, corrective actions to avoid distribution shortages were implemented where necessary. By the end of September 2013, no fuel supply shortages had been experienced and 46 petroleum activity licence applications, excluding site and retail new to industry applications, were finalised within 90 days, against a target of 38. This subprogramme had a staff complement of 33 in 2013/14.
- *Fuel Pricing* regulates the pricing of petroleum products in accordance with the legislative framework. This entails the determination, review, update and maintenance of fuel levies and margins, and the process of paying fuel levies. Fuel price administration includes developing, evaluating and monitoring price models; updating elements of the basic fuel price; and ensuring secure audit services for the auditing of fuel prices to ensure internationally competitive pricing of petroleum products, thereby enabling investment in the sector. In 2012/13, the stakeholder consultation process on the fixed retail margin for illuminating paraffin was finalised, and a discussion document on the maximum refinery gate price was published. By the end of September 2013, the global energy information provider Platts had been consulted regarding elements to ensure internationally competitive pricing in the administration of petroleum product pricing. The department participated in the South African Petroleum Industry Association-Kellogg Brown Roodt study on the review of the basic fuel price, and 2 reports on the implementation of the regulatory accounting system applicable to the adjustment of fuel margins and petrol attendants' wages were compiled and approved in 2013/14. This subprogramme had a staff complement of 5 in 2013/14.
- *Regional Petroleum Regulation Offices* provides advice on integrated energy services, develops appropriate interventions to enhance and promote universal access to energy, and ensures economic and technical compliance with relevant legislation. In addition, all annual information submitted by licence holders is captured and analysed. In 2012/13, 13 licensing awareness campaigns relating to the Petroleum Products

Act (1977) were conducted throughout the country to explain the legislation to the public. These campaigns continued in 2013/14, with 4 having been conducted by the end of September 2013. This subprogramme had a staff complement of 61 in 2013/14.

## Expenditure estimates

**Table 29.9 Petroleum and Petroleum Products Regulation**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Petroleum Compliance, Monitoring and Enforcement	2.6	1.2	4.5	13.7	73.7%	13.4%	16.3	17.6	17.4	8.4%	20.6%
Petroleum Licensing and Fuel Supply	11.5	13.9	13.0	15.3	9.8%	32.7%	21.1	20.8	22.2	13.3%	25.2%
Fuel Pricing	–	–	12.4	14.4	–	16.3%	14.9	9.4	10.0	-11.4%	15.5%
Regional Petroleum Regulation Offices	9.9	12.0	14.5	25.5	36.9%	37.6%	30.5	32.0	34.0	10.1%	38.7%
<b>Total</b>	<b>24.1</b>	<b>27.2</b>	<b>44.4</b>	<b>68.8</b>	<b>41.9%</b>	<b>100.0%</b>	<b>82.7</b>	<b>79.8</b>	<b>83.6</b>	<b>6.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				19.1			30.7	32.8	3.8		

### Economic classification

<b>Current payments</b>	<b>24.1</b>	<b>27.2</b>	<b>44.4</b>	<b>68.8</b>	<b>41.9%</b>	<b>100.0%</b>	<b>82.7</b>	<b>79.8</b>	<b>83.6</b>	<b>6.7%</b>	<b>100.0%</b>
Compensation of employees	20.4	23.0	36.2	37.9	23.0%	71.4%	50.3	53.0	56.6	14.3%	62.8%
Goods and services	3.7	4.2	8.2	30.9	102.7%	28.6%	32.4	26.8	27.0	-4.4%	37.2%
of which:											
Consultants and professional services: Business and advisory services	1.6	0.3	1.7	2.3	12.6%	3.6%	14.8	10.4	9.4	59.9%	11.7%
Travel and subsistence	1.7	2.8	4.0	14.3	105.1%	13.8%	8.2	7.6	8.3	-16.6%	12.2%
Venues and facilities	0.0	0.2	0.3	0.3	213.1%	0.5%	1.7	1.6	1.7	77.1%	1.7%
<b>Total</b>	<b>24.1</b>	<b>27.2</b>	<b>44.4</b>	<b>68.8</b>	<b>41.9%</b>	<b>100.0%</b>	<b>82.7</b>	<b>79.8</b>	<b>83.6</b>	<b>6.7%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.4%	0.4%	0.7%	1.1%			1.1%	1.0%	1.0%		

## Personnel information

**Table 29.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Petroleum and Petroleum Products Regulation	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
<b>Salary level</b>	<b>53</b>	<b>2</b>	<b>105</b>	<b>36.2</b>	<b>0.3</b>	<b>101</b>	<b>38.4</b>	<b>0.4</b>	<b>103</b>	<b>50.3</b>	<b>0.5</b>	<b>103</b>	<b>53.0</b>	<b>0.5</b>	<b>103</b>	<b>56.6</b>	<b>0.5</b>	<b>0.7%</b>	<b>100.0%</b>
1 – 6	5	2	12	1.6	0.1	5	0.7	0.1	5	0.9	0.2	5	0.9	0.2	5	1.0	0.2	–	4.9%
7 – 10	34	–	68	17.5	0.3	73	23.0	0.3	72	28.3	0.4	72	29.8	0.4	72	31.8	0.4	-0.5%	70.5%
11 – 12	8	–	11	6.1	0.6	9	4.5	0.5	9	5.6	0.6	9	5.9	0.7	9	6.3	0.7	–	8.8%
13 – 16	6	–	14	11.0	0.8	14	10.2	0.7	17	15.6	0.9	17	16.4	1.0	17	17.5	1.0	6.7%	15.9%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on monitoring and enforcing technical, economic, and legal compliance with legislation, specifications, standards and licence conditions by conducting fuel specification tests and issuing enforcement notices in cases where non-compliance is identified. The emphasis will also be on the testing of fuel samples collected from licence holders, which explains the increase in expenditure on consultants and professional services for laboratory services in 2013/14. A service provider is contracted to provide this service from 2014/15, which accounts for the increase in business and advisory services over the medium term.

Following a review of the department's organisational and budget structure, the department moved the *Regional Petroleum Regulation Offices* subprogramme from the *Electrification and Energy Programme and Project Management* programme to this programme. The move is expected to improve the alignment of the budget

structure to the department's mandate. Expenditure on travel and subsistence increased significantly between 2010/11 and 2013/14 due to licensing awareness campaigns that were conducted throughout the nine provinces.

The department is required to inspect 7 500 petroleum manufacturers, wholesalers and retailers over the medium term for compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions. Over the medium term, the department plans to increase its monitoring activities, finalise arbitration requests and public complaints in the petroleum industry within 14 working days, and conduct 27 awareness campaigns on the Petroleum Products Act (1977) among members of the industry. These activities require that the department increases its funded establishment over the medium term, from 53 posts, with 2 additional to the establishment, at the end of November 2013, to 103 over the medium term. This projected increase in personnel numbers is the main reason for the significant increase expected in spending on compensation of employees over the medium term. The increase in spending on compensation of employees in 2012/13 was due to the high number of interns and contract workers employed during this period while the department finalised its structure.

## **Programme 4: Electrification and Energy Programme and Project Management**

### **Objectives**

- Increase access to electricity by monitoring the implementation of the integrated national electrification programme, which aims to electrify an additional 905 000 (grid and non-grid) households by 2016/17.
- Ensure the efficient management of the electricity supply by:
  - enhancing the application of project management business principles to assist programme and project managers on an ongoing basis
  - continually coordinating, monitoring and reporting on the implementation of programmes and projects focused on the development, improvement and transformation of the energy generation, refinement, transmission and distribution industry and infrastructure.
- Increase public awareness about energy issues while empowering disadvantaged and vulnerable groups by identifying, implementing, managing and coordinating upliftment programmes and projects on an ongoing basis.

### **Subprogrammes**

- *Integrated National Electrification Programme* oversees and manages the finance and implementation processes for the electrification programme, manages the annual planning processes including electrification infrastructure plans, and manages and coordinates technical audits for the programme. In 2012/13, through transfers to Eskom, municipalities, and non-grid service providers, 175 473 new household connections were achieved, of which 9 343 were under the non-grid programme. In addition, 4 new substations were completed, 5 were upgraded, and 275 kilometres of new electrical lines were installed while 85 kilometres were upgraded. By the end of September 2013, 92 085 new household connections had been achieved, including 4 415 non-grid connections. This subprogramme had a staff complement of 20, including 2 contracted interns, in 2013/14.
- *Energy Regional Offices* provides advice on integrated energy services, develops appropriate interventions to enhance and promote universal access to energy, manages and coordinates regional electrification planning and ensures economic and technical compliance with relevant legislation. In 2012/13, the establishment of 2 integrated energy centres was facilitated. These are one-stop shops that provide energy services and information to communities in Mbizana in Eastern Cape and Ulundi in KwaZulu-Natal. By the end of September 2013, 3 integrated energy centres had been completed or were being built in Free State, Eastern Cape and Limpopo. This subprogramme had a staff complement of 19 in 2013/14.
- *Programme and Projects Management Office* provides specialised assistance to programme and project managers, and management in general, to apply management principles, coordinate project information, and report on projects. The focus will be on capacitating this subprogramme over the medium term through the development of a project management platform, the appointment and training of staff, and meeting with

stakeholders to conduct planning sessions. In 2013/14, the requisite progress reports and dashboards were compiled and submitted to entities such as the renewable energy independent power producer procurement programme's project office, and the Presidential Infrastructure Coordinating Commission secretariat. This subprogramme had a staff complement of 6, including 1 contracted project integration manager, in 2013/14.

- *Electricity Infrastructure/Industry Transformation* oversees programmes and projects focused on the development, improvement and transformation of the electricity generation, transmission and distribution sector, and independent power producers. By the end of September 2013, the necessary strategic infrastructure project reports and a progress summary on all other project reports had been compiled and forwarded to the Presidential Infrastructure Coordinating Commission secretariat; a strategic infrastructure projects business plan had been compiled and was subsequently approved by the minister; and contracts were finalised and signed with 9 municipalities facing significant electricity distribution challenges as part of the approach to distribution asset management pilot project. All projects have since begun within these municipalities. The progress of these projects will be monitored by a steering committee of relevant stakeholders. This subprogramme had a staff complement of 7, including 4 contract workers, in 2013/14.
- *Community Upliftment Programmes and Projects* fulfils government's priorities for broad transformation in the work of the department and the energy sector, and supports departmental special programmes and projects. This entails drafting youth and gender policies for the department, as well as showcasing energy issues to the public. 5 awareness campaigns were hosted in 2012/13, including the learners focus week, which was attended by 250 learners from the coastal provinces, with a concentration of learners from rural areas. 14 were awarded bursaries to study in the science, technology, engineering and mathematics fields. In addition, the job summit in Ekurhuleni and various energy awareness exhibitions were held where youth and women in rural areas were informed of career opportunities available within the energy sector, and given energy saving tips. In 2013/14, 4 public awareness campaigns were conducted. In addition, a learner focus week was hosted, targeting 300 Grade 10 to 12 learners to educate them on career opportunities in the energy sector. This subprogramme had a staff complement of 6 in 2013/14.

## Expenditure estimates

**Table 29.11 Electrification and Energy Programme and Project Management**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Integrated National Electrification Programme	2 763.1	3 264.5	3 106.4	3 914.2	12.3%	99.5%	4 165.9	5 854.5	6 165.0	16.3%	99.3%
Energy Regional Office	5.7	6.1	5.1	11.9	27.5%	0.2%	7.8	8.2	8.8	-9.5%	0.2%
Programme and Projects Management Office	-	-	-	13.3	-	0.1%	9.0	10.1	10.7	-6.9%	0.2%
Electricity Infrastructure/Industry Transformation	0.9	0.3	0.8	7.7	102.2%	0.1%	9.8	10.4	11.1	13.2%	0.2%
Community Upliftment Programmes and Projects	2.3	3.5	3.6	5.5	33.2%	0.1%	6.7	7.0	7.5	10.8%	0.1%
<b>Total</b>	<b>2 772.1</b>	<b>3 274.5</b>	<b>3 116.0</b>	<b>3 952.5</b>	<b>12.6%</b>	<b>100.0%</b>	<b>4 199.2</b>	<b>5 890.3</b>	<b>6 203.1</b>	<b>16.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				9.8			(25.3)	(26.6)	(0.8)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>9.0</b>	<b>31.2</b>	<b>26.7</b>	<b>57.3</b>	<b>85.1%</b>	<b>0.9%</b>	<b>49.9</b>	<b>53.1</b>	<b>56.5</b>	<b>-0.4%</b>	<b>1.1%</b>
Compensation of employees	7.3	22.7	19.7	35.8	69.6%	0.7%	35.3	37.2	39.7	3.5%	0.7%
Goods and services	1.7	8.5	7.1	21.4	133.4%	0.3%	14.6	15.9	16.8	-7.8%	0.3%
of which:											
Travel and subsistence	0.9	6.1	4.2	7.1	102.2%	0.1%	8.5	9.5	10.0	12.4%	0.2%
Venues and facilities	0.1	0.8	1.0	5.1	355.6%	0.1%	0.8	0.8	0.9	-44.1%	-
<b>Transfers and subsidies</b>	<b>2 763.1</b>	<b>3 243.3</b>	<b>3 089.2</b>	<b>3 895.0</b>	<b>12.1%</b>	<b>99.1%</b>	<b>4 149.3</b>	<b>5 837.2</b>	<b>6 146.6</b>	<b>16.4%</b>	<b>98.9%</b>
Provinces and municipalities	1 033.4	1 096.6	1 151.4	1 634.8	16.5%	37.5%	1 104.7	2 056.1	2 165.1	9.8%	34.4%
Public corporations and private enterprises	1 729.7	2 146.7	1 937.7	2 260.3	9.3%	61.6%	3 044.7	3 781.1	3 981.5	20.8%	64.5%
Households	-	-	0.1	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
Machinery and equipment	-	-	-	0.3	-	-	-	-	-	-100.0%	-
<b>Total</b>	<b>2 772.1</b>	<b>3 274.5</b>	<b>3 116.0</b>	<b>3 952.5</b>	<b>12.6%</b>	<b>100.0%</b>	<b>4 199.2</b>	<b>5 890.3</b>	<b>6 203.1</b>	<b>16.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>50.4%</b>	<b>53.0%</b>	<b>46.8%</b>	<b>60.8%</b>			<b>56.6%</b>	<b>73.7%</b>	<b>74.0%</b>		

**Table 29.11 Electrification and Energy Programme and Project Management**

Details of selected transfers and subsidies				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome			2010/11 - 2013/14				2014/15	2015/16	2016/17		
R million	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Provinces and municipalities</b>											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Capital</b>	1 033.4	1 096.6	1 151.4	1 634.8	16.5%	37.5%	1 104.7	2 056.1	2 165.1	9.8%	34.4%
Integrated National Electrification Programme Grant	1 033.4	1 096.6	1 151.4	1 314.8	8.4%	35.0%	1 104.7	2 056.1	2 165.1	18.1%	32.8%
Integrated National Electrification Programme - Approach to Distribution Asset Management	-	-	-	320.0	-	2.4%	-	-	-	-100.0%	1.6%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Public corporations - subsidies on products and production</b>											
<b>Capital</b>	1 719.8	1 737.8	1 879.4	2 141.0	7.6%	57.0%	2 948.0	3 680.0	3 875.1	21.9%	62.5%
Eskom - Integrated National Electrification Programme	1 719.8	1 737.8	1 879.4	2 141.0	7.6%	57.0%	2 948.0	3 680.0	3 875.1	21.9%	62.5%
<b>Public corporations and private enterprises</b>											
<b>Private enterprises</b>											
<b>Private enterprises - subsidies on products and production</b>											
<b>Capital</b>	9.9	127.9	58.3	119.2	129.2%	2.4%	96.6	101.1	106.4	-3.7%	2.1%
Integrated National Electrification Programme Grant (Non-Grid)	9.9	127.9	58.3	119.2	129.2%	2.4%	96.6	101.1	106.4	-3.7%	2.1%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Capital</b>	-	281.0	-	-	-	2.1%	-	-	-	-	-
Local organising committee for the 2010 FIFA World Cup	-	281.0	-	-	-	2.1%	-	-	-	-	-

## Personnel information

**Table 29.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Electrification and Energy Programme and Project Management	103	41	81	19.7	0.2	79	29.5	0.4	69	35.3	0.5	69	37.2	0.5	69	39.7	0.6	-4.4%	100.0%
Salary level																			
1 - 6	1	41	42	2.9	0.1	10	0.9	0.1	-	-	-	-	-	-	-	-	-	-100.0%	3.5%
7 - 10	73	-	20	5.0	0.2	33	8.4	0.3	34	10.8	0.3	34	11.4	0.3	34	12.2	0.4	1.0%	47.2%
11 - 12	26	-	15	8.1	0.5	25	12.0	0.5	24	14.3	0.6	24	15.1	0.6	24	16.1	0.7	-1.4%	33.9%
13 - 16	3	-	4	3.6	0.9	11	8.2	0.7	11	10.2	0.9	11	10.8	1.0	11	11.5	1.0	-	15.4%

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

<sup>2</sup> Rand million.

## Expenditure trends

The new household electrification strategy, which was approved by Cabinet on 26 June 2013, aims to achieve universal access to electricity by 97 per cent of all households by 2025. Thus the spending focus over the medium term will continue to be on the continuation and expansion of the electrification programmes being implemented by Eskom and municipalities, which accounts for the increase in transfers and subsidies and in the *Integrated National Electrification Programme* subprogramme, as well as the strengthening of the programme and projects management office and the independent power producers unit. The electrification programmes implemented by Eskom will be strengthened through the development of a project management platform, as well as the appointment and training of staff. The new household electrification strategy includes a least cost approach that combines grid and high quality non-grid solutions to support areas with high backlogs and low delivering municipalities, and to ensure that electrification targets are met.

Therefore, expenditure is expected to increase significantly over the medium term due to higher allocations for the *Integrated National Electrification Programme*, for which expenditure is projected to increase to R6.2 billion in 2016/17 to expand electrification to 290 000 households in that year. The bulk of this allocation is towards transfer payments to Eskom, which is projected to increase to R3.9 billion in 2016/17. Within goods and services, expenditure on travel and subsistence is the major cost driver over the medium term and relates to the department's responsibility to monitor progress and conduct technical audits of completed electrification projects.

The increased spending in the *Integrated National Electrification Programme* between 2010/11 and 2013/14 was due to additional allocations to municipalities and Eskom for their implementation of electrification projects to achieve universal access to electricity. 708 989 connections were achieved in this period.

A number of initiatives will be undertaken to support the key strategies and objectives in this programme. These include the development of reporting systems to enhance the electrification planning and monitoring processes, which accounts for the increase in spending on computer services in 2013/14.

The programme has a funded establishment of 103 posts, and 41 posts were filled additional to the establishment. Expenditure on compensation of employees in this programme increased to R35.8 million in 2013/14 due to the high numbers of interns and contract workers that were employed. The total number of employees is expected to decrease over the medium term as fewer interns and contract workers are expected to be employed, and more permanent workers are recruited over the medium term to increase capacity. Overall, this will result in the expenditure on compensation of employees growing to R39.7 million in 2016/17. Regional petroleum regulation offices were moved to programme 3, which accounts for the staff numbers being below the establishment numbers.

## Programme 5: Nuclear Energy

### Objectives

- Regulate the security of nuclear material, related equipment, and facilities by developing and publishing appropriate regulations by 2016.
- Strengthen the control of, and accounting for, the nuclear materials and related equipment by enforcing relevant statutory frameworks on an ongoing basis.
- Ensure safe, secure and sustainable management and disposal of radioactive waste by facilitating the full operation of the National Radioactive Waste Disposal Institute, and establishing a waste disposal fund by 2015.
- Contribute towards ensuring the security of energy supply by leading, developing and overseeing the implementation of the nuclear energy expansion programme as guided by nuclear energy policy and the decision of the national nuclear energy executive coordination committee of November 2013, in accordance with timelines stipulated in the integrated resource plan 2010-2030.
- Ensure compliance with international nuclear obligations by developing, maintaining and implementing an appropriate statutory framework for nuclear energy policy by 2016.
- Ensure the readiness of all relevant stakeholders for the management of any nuclear emergency as part of the national disaster plan on an ongoing basis by:
  - conducting an emergency preparedness review of the International Atomic Energy Agency in order to identify gaps in South Africa's nuclear infrastructure
  - developing an action plan to address such gaps to be in line with the national nuclear emergency management plan.

### Subprogrammes

- *Nuclear Safety and Technology* manages and implements all matters related to nuclear safety and technology as required by legislation and international agreements; implements the nuclear energy policy, which was approved in 2008 as a national nuclear programme in line with the integrated resource plan requirements; and administers all matters related to nuclear safety, liability and emergency management with the aim to

improve the governance of the nuclear sector, specifically in relation to nuclear safety and nuclear technology. In 2012/13 and 2013/14, an integrated nuclear infrastructure review mission of the International Atomic Energy Agency was conducted, after which an action plan to address the identified gaps was developed. Studies and strategies on nuclear financing and procurement were completed and South Africa's self-assessment on nuclear emergency preparedness was also finalised. In addition, an emergency preparedness review pre-mission of the International Atomic Energy Agency was hosted and a procurement framework benchmark proposal was submitted to the national nuclear energy executive coordination committee. The board of directors for the National Radioactive Waste Disposal Institute was established. This subprogramme had a staff complement of 11 in 2013/14.

- *Nuclear Non-proliferation and Radiation Security* manages and implements all matters related to nuclear non-proliferation and radiation security as required by legislation and international agreements. This entails standardising security measures at ports of entry and installing portal radiation monitors at the main ports of entry. In 2012/13 and 2013/14, the relevant stakeholders were engaged in the installation of radiation portal monitors at strategic ports of entry to enhance security. Nuclear safeguards compliance inspections were also successfully conducted. This subprogramme had a staff complement of 9 in 2012/13.
- *Nuclear Policy* develops and reviews policies as required by international agreements and governance of the nuclear sector in South Africa; undertakes research and development; and reviews and monitors nuclear safety, nuclear technology, nuclear non-proliferation and nuclear radiation security policies, and provides advice accordingly. The National Nuclear Regulator Act (1999) is currently being amended. The review process has commenced and will be finalised in 2014/15. During 2013/14, a study was completed on the independence of the National Nuclear Regulator to ensure the effective separation of promotional and regulatory aspects of nuclear energy. This report has been submitted to the minister for approval, and the amendment to the act is anticipated to be finalised in 2014/15. This subprogramme's staff complement will increase from 1 in 2013/14 to 4 in 2014/15.

## Expenditure estimates

**Table 29.13 Nuclear Energy**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Nuclear Safety and Technology	607.3	638.0	638.7	694.5	4.6%	98.9%	832.2	663.8	699.2	0.2%	97.6%
Nuclear Non-proliferation and Radiation Security	2.6	0.5	3.8	5.5	29.2%	0.5%	7.3	7.6	8.2	14.0%	1.0%
Nuclear Policy	2.5	3.8	0.7	8.8	52.7%	0.6%	10.9	10.9	11.3	8.5%	1.4%
<b>Total</b>	<b>612.3</b>	<b>642.3</b>	<b>643.2</b>	<b>708.8</b>	<b>5.0%</b>	<b>100.0%</b>	<b>850.5</b>	<b>682.3</b>	<b>718.7</b>	<b>0.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(1.2)			193.5	2.8	6.8		
<b>Economic classification</b>											
<b>Current payments</b>	<b>18.3</b>	<b>20.8</b>	<b>32.7</b>	<b>34.9</b>	<b>24.0%</b>	<b>4.1%</b>	<b>44.1</b>	<b>44.1</b>	<b>46.6</b>	<b>10.2%</b>	<b>5.7%</b>
Compensation of employees	11.4	7.5	8.7	11.8	1.2%	1.5%	20.1	21.2	22.6	24.3%	2.6%
Goods and services	6.9	13.3	24.0	23.1	49.4%	2.6%	24.0	22.9	24.0	1.3%	3.2%
of which:											
Consultants and professional services:	0.0	0.5	2.7	8.4	789.1%	0.4%	9.7	9.0	8.7	1.0%	1.2%
Business and advisory services											
Travel and subsistence	4.7	1.4	1.8	5.2	3.8%	0.5%	5.9	5.6	4.5	-4.7%	0.7%
Venues and facilities	0.3	0.1	0.4	5.9	166.6%	0.3%	5.7	5.6	1.9	-31.8%	0.6%
<b>Transfers and subsidies</b>	<b>594.1</b>	<b>621.5</b>	<b>610.5</b>	<b>673.9</b>	<b>4.3%</b>	<b>95.9%</b>	<b>806.4</b>	<b>638.2</b>	<b>672.0</b>	<b>-0.1%</b>	<b>94.3%</b>
Departmental agencies and accounts	20.0	35.4	42.9	68.2	50.6%	6.4%	33.7	34.9	36.7	-18.6%	5.9%
Foreign governments and international organisations	-	-	-	13.6	-	0.5%	12.1	12.5	13.1	-1.1%	1.7%
Public corporations and private enterprises	574.1	586.0	567.6	592.2	1.0%	89.0%	760.7	590.8	622.2	1.7%	86.7%
<b>Total</b>	<b>612.3</b>	<b>642.3</b>	<b>643.2</b>	<b>708.8</b>	<b>5.0%</b>	<b>100.0%</b>	<b>850.5</b>	<b>682.3</b>	<b>718.7</b>	<b>0.5%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>11.1%</b>	<b>10.4%</b>	<b>9.7%</b>	<b>10.9%</b>			<b>11.5%</b>	<b>8.5%</b>	<b>8.6%</b>		

**Table 29.13 Nuclear Energy**

Details of selected transfers and subsidies				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome			2013/14				2010/11 - 2013/14				
R million	2010/11	2011/12		2012/13	2010/11	2011/12	2012/13	2014/15	2015/16	2016/17	2013/14
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	19.1	35.0	42.5	50.8	38.6%	5.7%	33.3	34.5	36.3	-10.6%	5.2%
National Nuclear Regulator	19.1	35.0	42.5	31.0	17.5%	4.9%	33.3	34.5	36.3	5.4%	4.6%
National Radio Active Waste Disposal Institute	-	-	-	19.8	-	0.8%	-	-	-	-100.0%	0.7%
<b>Capital</b>	0.9	0.5	0.4	17.3	172.1%	0.7%	0.4	0.4	0.4	-71.6%	0.6%
National Nuclear Regulator	0.9	0.5	0.4	17.3	172.1%	0.7%	0.4	0.4	0.4	-71.6%	0.6%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Public corporations - subsidies on products and production</b>											
<b>Current</b>	490.5	505.8	489.1	469.2	-1.5%	75.0%	491.9	509.3	536.3	4.6%	67.8%
South African Nuclear Energy Corporation	490.5	505.8	489.1	469.2	-1.5%	75.0%	491.9	509.3	536.3	4.6%	67.8%
<b>Capital</b>	83.6	80.2	78.5	123.0	13.7%	14.0%	268.8	81.6	85.9	-11.3%	18.9%
South African Nuclear Energy Corporation	83.6	80.2	78.5	123.0	13.7%	14.0%	268.8	81.6	85.9	-11.3%	18.9%
<b>Foreign governments and international organisations</b>											
<b>Capital</b>	-	-	-	13.6	-	0.5%	12.1	12.5	13.1	-1.1%	1.7%
International Atomic Energy Agency and International Renewable Energy Agency	-	-	-	13.6	-	0.5%	12.1	12.5	13.1	-1.1%	1.7%

## Personnel information

**Table 29.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Nuclear Energy</b>		23	8.7	0.4	29	13.8	0.5	34	20.1	0.6	34	21.2	0.6	34	22.6	0.7	5.4%	100.0%	
Salary level	26	2																	
1 - 6	10	2	7	0.8	0.1	1	0.1	0.1	-	-	-	-	-	-	-	-	-100.0%	0.8%	
7 - 10	14	-	6	1.4	0.2	11	2.7	0.2	13	4.0	0.3	13	4.2	0.3	13	4.5	0.3	5.7%	38.2%
11 - 12	2	-	6	3.3	0.6	8	4.0	0.5	12	7.3	0.6	12	7.7	0.6	12	8.2	0.7	14.5%	33.6%
13 - 16	-	-	4	3.3	0.8	9	7.1	0.8	9	8.8	1.0	9	9.3	1.0	9	9.9	1.1	-	27.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term continues to be on funding the department's public entities to carry out their mandates on behalf of the minister. Thus, transfers and subsidies are projected to be the most significant item of expenditure over the medium term and comprise transfers to the nuclear departmental agencies, such as the South African Nuclear Energy Corporation and the National Nuclear Regulator. The activities these transfers fund are governed by the nuclear energy policy, which was approved by Cabinet in June 2008. The policy provides a framework within which prospecting, mining, milling, the use of nuclear materials, and the development and use of nuclear energy for peaceful purposes, is to take place. The transfer to the South African Nuclear Energy Corporation is projected to increase over the medium term due to a once-off Cabinet approved additional allocation of R190 million in 2014/15. The additional allocation provides for the upgrading, replacement and refurbishment of the Pelindaba site infrastructure; the replacement and upgrading of the SAFARI-1 nuclear reactor research and development facilities as part of the ageing management programme; upgrading liquid effluent management services to comply with licensing and regulatory requirements; and sustaining critical investment in the entity's analytical and calibration capabilities.

The transfer to the National Nuclear Regulator increased between 2010/11 and 2013/14 to allow the entity to upgrade its ICT infrastructure, cater for staff retention due to a skills shortage and weaknesses in areas such as governance compliance, and upgrade the emergency preparedness centre. In the same period, transfers to the

National Radioactive Waste Disposal Institute increased between 2010/11 and 2013/14 following the establishment of the entity in 2013/14.

The national nuclear energy executive coordination committee, which comprises ministers from various departments and is chaired by the president, is responsible for taking strategic decisions on the implementation of the nuclear energy policy. Cabinet endorsed several decisions taken by this committee, such as the phased decision making approach for implementing the nuclear programme, and the reaffirmation of Eskom as the owner-operator for future nuclear power plants. In preparation for the new nuclear build programme and in order to learn from international experience on nuclear procurement, spending on consultants increased significantly due to a once-off allocation in 2012/13 for research and studies relating to the nuclear build programme. Over the medium term, expenditure on consultants will be focused on the development of an implementation plan based on the mission report of the nuclear infrastructure review, implementation of the nuclear procurement process, finalisation of plans to support the nuclear fuel cycle strategy, and the implementation of the nuclear fuel cycle strategy. Consultants are used to perform highly specialised work for which the department does not have the requisite skills.

This programme had a staff complement of 29 in 2013/14, which is expected to increase to 34 by 2014/15, due to the additional funding allocated to the department for specialised nuclear human resource capacity. The programme capacity is strengthened in line with the department's mandate on nuclear energy policy. Expenditure on compensation of employees is expected to grow significantly over the medium term to support the increase in personnel numbers. At the end of November 2013, this programme had no vacant posts.

## **Programme 6: Clean Energy**

### **Objectives**

- Manage climate change and environmental matters by:
  - monitoring the implementation of climate change regulations to mitigate the risk of environmental impact on an ongoing basis
  - publishing climate change strategies and plans by 2014/15.
- Promote and facilitate energy efficiency and demand management by:
  - monitoring and reporting on energy savings on an ongoing basis
  - coordinating, monitoring and reporting on the progress and impact of energy efficiency and demand management strategies by 2015
  - reviewing the energy efficiency tax incentive and energy conservation schemes by 2014/15.
- Improve energy demand management by facilitating the development of an energy management plan by 2014/15.
- Ensure the integration of renewable energy into the mainstream energy supply of South Africa by planning and coordinating initiatives and interventions focused on the development and improvement of the renewable energy market through:
  - facilitating the incorporation of the renewable energy policy into the integrated energy plan by 2014
  - implementing awareness campaigns from 2013/14 onwards.

### **Subprogrammes**

- *Energy Efficiency* is discussed in more detail below.
- *Renewable Energy* ensures the integration of renewable energy into South Africa's mainstream energy supply by planning and coordinating initiatives and interventions focused on the development and improvement of the renewable energy market; and ensures the integration and coordination of renewable energy initiatives and interventions with relevant associated institutions. The largest spending item, constituting 95.7 per cent of expenditure, is on transfers to the South African National Energy Development Institute for operational expenditure, and research and development into projects such as carbon capture and storage. In 2012/13, an umbrella memorandum of understanding was completed and signed with the Central

Energy Fund and the Northern Cape provincial government for the development of a solar park, which included the land access agreement for an Upington site. To raise awareness, wind energy articles were published in various media outlets nationally. By the end of 2013/14, the solar park corridor development feasibility studies report will have been submitted to Cabinet for approval. The corridor consists of 6 sites, while the geotechnical and environmental impact studies, which commenced in 2012/13, focused on Upington and Prieska. This subprogramme had a staff complement of 5 in 2013/14.

- *Climate Change and Designated National Authority* ensures that climate change and environment response measures, in terms of mitigation and adaptation, are implemented within the energy sector. It also ensures the fulfilment of international energy commitments and obligations under the United Nations Framework Convention on Climate Change pertaining to the Kyoto Protocol. This subprogramme will develop an energy and climate change strategy, and measure and report on energy related carbon emission reductions. In 2012/13, 68 clean development mechanism applications were processed. 57 clean development mechanism projects were submitted and registered with the United Nations Framework Convention on Climate Change. In 2012/13 and 2013/14, the subprogramme received awards from the United Nations in recognition of work done to raise awareness of the clean development mechanism programme activities. The award in 2012/13 was for being the best performer among developing countries with 10 or more registered clean development mechanism projects, while the award in 2013/14 was for being the best performer globally. The subprogramme also participated in the 19th conference of the parties to the United Nations Framework Convention on Climate Change (COP 19), and held workshops with stakeholders in promoting the clean development mechanism methodology. This subprogramme had a staff complement of 8 in 2013/14.

## Expenditure estimates

**Table 29.15 Clean Energy**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Energy Efficiency	339.3	418.8	1 025.4	1 358.6	58.8%	90.7%	1 810.3	927.1	981.9	-10.3%	91.1%
Renewable Energy	25.8	73.6	64.3	140.4	75.9%	8.8%	168.4	95.1	63.4	-23.3%	8.4%
Climate Change and Designated National Authority	2.9	3.3	3.6	7.3	36.3%	0.5%	7.7	8.1	8.6	5.9%	0.6%
<b>Total</b>	<b>368.0</b>	<b>495.7</b>	<b>1 093.3</b>	<b>1 506.3</b>	<b>60.0%</b>	<b>100.0%</b>	<b>1 986.5</b>	<b>1 030.3</b>	<b>1 053.9</b>	<b>-11.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(117.3)			(10.8)	(5.6)	(1.6)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>18.6</b>	<b>31.6</b>	<b>16.5</b>	<b>41.3</b>	<b>30.4%</b>	<b>3.1%</b>	<b>50.5</b>	<b>53.0</b>	<b>56.0</b>	<b>10.7%</b>	<b>3.6%</b>
Compensation of employees	14.5	18.7	13.3	13.5	-2.3%	1.7%	17.9	18.8	20.1	14.2%	1.3%
Goods and services	4.1	12.9	3.2	27.8	88.9%	1.4%	32.6	34.1	35.9	9.0%	2.3%
<i>of which:</i>											
<i>Consultants and professional services:</i>											
<i>Business and advisory services</i>	0.7	8.0	0.3	-	-100.0%	0.3%	5.3	5.6	6.7	-	0.3%
<i>Operating leases</i>	1.1	-	-	0.1	-63.2%	-	0.1	0.1	-	-100.0%	-
<i>Travel and subsistence</i>	1.7	2.3	1.3	3.0	19.5%	0.2%	3.0	3.2	4.3	12.7%	0.2%
<i>Venues and facilities</i>	0.0	1.5	0.1	13.5	608.8%	0.4%	12.5	13.1	1.8	-49.2%	0.7%
<b>Transfers and subsidies</b>	<b>349.4</b>	<b>464.1</b>	<b>1 076.8</b>	<b>1 465.0</b>	<b>61.3%</b>	<b>96.9%</b>	<b>1 936.0</b>	<b>977.4</b>	<b>997.8</b>	<b>-12.0%</b>	<b>96.4%</b>
Provinces and municipalities	220.0	280.0	200.0	180.7	-6.3%	25.4%	136.9	188.3	203.8	4.1%	12.7%
Departmental agencies and accounts	-	20.1	56.1	134.3	-	6.1%	162.7	89.1	56.9	-24.9%	7.9%
Public corporations and private enterprises	129.4	164.0	820.6	1 149.9	107.1%	65.4%	1 636.4	700.0	737.1	-13.8%	75.7%
<b>Total</b>	<b>368.0</b>	<b>495.7</b>	<b>1 093.3</b>	<b>1 506.3</b>	<b>60.0%</b>	<b>100.0%</b>	<b>1 986.5</b>	<b>1 030.3</b>	<b>1 053.9</b>	<b>-11.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>6.7%</b>	<b>8.0%</b>	<b>16.4%</b>	<b>23.2%</b>			<b>26.8%</b>	<b>12.9%</b>	<b>12.6%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Provinces and municipalities</b>											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	<b>220.0</b>	<b>280.0</b>	<b>200.0</b>	<b>180.7</b>	<b>-6.3%</b>	<b>25.4%</b>	<b>136.9</b>	<b>188.3</b>	<b>203.8</b>	<b>4.1%</b>	<b>12.7%</b>
Energy Efficiency and Demand Side Management Grant	220.0	280.0	200.0	180.7	-6.3%	25.4%	136.9	188.3	203.8	4.1%	12.7%

Table 29.15 Clean Energy

Details of selected transfers and subsidies	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	-	20.1	56.1	63.3	-	4.0%	51.7	54.1	56.9	-3.5%	4.1%
South African National Energy Development Institute	-	20.1	56.1	63.3	-	4.0%	51.7	54.1	56.9	-3.5%	4.1%
<b>Capital</b>	-	-	-	71.0	-	2.1%	111.0	35.0	-	-100.0%	3.9%
South African National Energy Development Institute	-	-	-	71.0	-	2.1%	111.0	35.0	-	-100.0%	3.9%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Public corporations - subsidies on products and production</b>											
<b>Current</b>	108.9	118.8	820.6	1 149.9	119.4%	63.5%	1 636.4	700.0	737.1	-13.8%	75.7%
Eskom: Solar Water Heater Project	108.9	118.8	820.6	1 149.9	119.4%	63.5%	1 636.4	700.0	737.1	-13.8%	75.7%
<b>Private enterprises</b>											
<b>Other transfers to private enterprises</b>											
<b>Current</b>	20.5	45.2	-	-	-100.0%	1.9%	-	-	-	-	-
South African National Energy Development Institute: Working for Energy	20.0	25.0	-	-	-100.0%	1.3%	-	-	-	-	-
Renewable Energy Subsidy Scheme	0.5	20.2	-	-	-100.0%	0.6%	-	-	-	-	-

## Personnel information

Table 29.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
<b>Clean Energy</b>			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
<b>Salary level</b>	25	1	29	13.3	0.5	25	10.3	0.4	30	17.9	0.6	30	18.8	0.6	30	20.1	0.7	6.3%	100.0%
1-6	-	-	4	0.6	0.1	1	0.1	0.1	-	-	-	-	-	-	-	-	-	-100.0%	0.9%
7-10	12	-	9	2.5	0.3	12	3.3	0.3	12	4.2	0.3	12	4.4	0.4	12	4.7	0.4	-	41.7%
11-12	8	1	11	6.2	0.6	8	3.8	0.5	9	5.5	0.6	9	5.8	0.6	9	6.2	0.7	4.0%	30.4%
13-16	5	-	5	4.0	0.8	4	3.0	0.8	9	8.2	0.9	9	8.7	1.0	9	9.3	1.0	31.0%	27.0%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on improving the implementation of energy efficiency and clean energy technologies through the provision of financial subsidies and tax incentives in support of the department's mandate to promote the development and use of clean and renewable energy resources. Expenditure in the *Renewable Energy* subprogramme increased between 2010/11 and 2013/14 due to an increase in transfer payments to the South African National Energy Development Institute to fund its operational activities, as well as research and development it conducted on key projects such as carbon capture and storage, with the entity on track to conduct a test injection of carbon in 2016, and continuing with the national energy efficiency and demand side management programme being implemented by Eskom and municipalities. The programme will also focus on the full establishment of the energy efficiency target monitoring system, which will be critical in the accurate reporting of achievements of the national energy efficiency strategy. The *Energy Efficiency* subprogramme is discussed in more detail below.

Expenditure on consultants was increased in 2011/12 when the department contributed towards the implementation of the renewable energy market transformation project as co-founders of the grant agreement. The project is an initiative funded from the World Bank's global environmental facility to overcome barriers to

the development and implementation of technical, regulatory and economic aspects of renewable energy in South Africa, with a special focus on solar water heating and renewable power generation.

The programme has a funded establishment of 25 posts and 1 post filled in addition to the establishment. An increase in the number of posts is expected over the medium term due to additional capacity required for the *Climate Change and Designated National Authority* subprogramme to fulfil its mandate. This accounts for the 14.2 per cent average growth in expenditure on compensation of employees over the medium term.

### Subprogramme: Energy Efficiency

This subprogramme advances energy efficiency in South Africa by planning and coordinating initiatives and interventions focused on developing and improving the energy efficiency market; and ensures integration and coordination of energy efficiency initiatives and interventions with relevant associated institutions. In 2012/13, regulations for introducing the energy efficiency incentives scheme and the public consultation process on the national energy efficiency strategy document were completed. In December 2013, the regulations on the allowance for the energy efficiency savings were promulgated and formally presented to stakeholders. These regulations will provide South African Revenue Service tax incentives for energy efficiency improvements for businesses, based on measured and verified energy savings through registration with the South African National Energy Development Institute. Businesses will have to intensify energy efficiency improvement measures in order to take full benefit of this tax incentive. Linked to these regulations for the income tax allowance for energy efficiency savings, is the private sector energy efficiency project, which was launched in December 2013 in collaboration with the lead implementer, National Business Initiative. This project will provide commercial and industrial companies with various services to assist them in identifying energy efficiency savings measures.

### Expenditure estimates

Table 29.17 Energy Efficiency

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Current payments</b>	<b>10.4</b>	<b>20.0</b>	<b>4.7</b>	<b>28.0</b>	<b>39.0%</b>	<b>2.0%</b>	<b>37.0</b>	<b>38.8</b>	<b>41.0</b>	<b>13.6%</b>	<b>2.9%</b>	
Compensation of employees	8.4	8.6	3.2	3.3	-26.6%	0.8%	7.6	8.0	8.6	37.1%	0.5%	
Goods and services	2.0	11.4	1.5	24.6	131.2%	1.3%	29.4	30.8	32.4	9.5%	2.3%	
<i>of which:</i>												
<i>Consultants and professional services:</i>	<i>0.7</i>	<i>8.0</i>	<i>-</i>	<i>-</i>	<i>-100.0%</i>	<i>0.3%</i>	<i>5.3</i>	<i>5.6</i>	<i>6.3</i>	<i>-</i>	<i>0.3%</i>	
<i>Business and advisory services</i>												
<i>Travel and subsistence</i>	<i>0.9</i>	<i>1.0</i>	<i>0.8</i>	<i>-</i>	<i>-100.0%</i>	<i>0.1%</i>	<i>-</i>	<i>-</i>	<i>2.8</i>	<i>-</i>	<i>0.1%</i>	
<i>Venues and facilities</i>	<i>-</i>	<i>1.4</i>	<i>0.0</i>	<i>13.5</i>	<i>-</i>	<i>0.5%</i>	<i>12.4</i>	<i>13.1</i>	<i>1.3</i>	<i>-54.6%</i>	<i>0.8%</i>	
<b>Transfers and subsidies</b>	<b>328.9</b>	<b>398.8</b>	<b>1 020.7</b>	<b>1 330.6</b>	<b>59.3%</b>	<b>98.0%</b>	<b>1 773.3</b>	<b>888.3</b>	<b>940.9</b>	<b>-10.9%</b>	<b>97.1%</b>	
Provinces and municipalities	220.0	280.0	200.0	180.7	-6.3%	28.0%	136.9	188.3	203.8	4.1%	14.0%	
Public corporations and private enterprises	108.9	118.8	820.6	1 149.9	119.4%	70.0%	1 636.4	700.0	737.1	-13.8%	83.2%	
<b>Total</b>	<b>339.3</b>	<b>418.8</b>	<b>1 025.4</b>	<b>1 358.6</b>	<b>58.8%</b>	<b>100.0%</b>	<b>1 810.3</b>	<b>927.1</b>	<b>981.9</b>	<b>-10.3%</b>	<b>100.0%</b>	
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>92.2%</b>	<b>84.5%</b>	<b>93.8%</b>	<b>90.2%</b>			<b>91.1%</b>	<b>90.0%</b>	<b>93.2%</b>			

## Personnel information

**Table 29.18 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Energy Efficiency</b>																			
Salary level	9	-	7	3.2	0.5	10	4.1	0.4	12	7.6	0.6	12	8.0	0.7	12	8.6	0.7	6.3%	100.0%
1-6	-	-	1	0.2	0.2	1	0.1	0.1	-	-	-	-	-	-	-	-	-	-100.0%	2.2%
7-10	4	-	3	1.0	0.3	4	1.0	0.3	4	1.3	0.3	4	1.3	0.3	4	1.4	0.4	-	34.8%
11-12	3	-	1	0.5	0.5	3	1.4	0.5	3	1.7	0.6	3	1.8	0.6	3	1.9	0.6	-	26.1%
13-16	2	-	2	1.5	0.8	2	1.6	0.8	5	4.7	0.9	5	4.9	1.0	5	5.2	1.0	35.7%	37.0%

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

<sup>2</sup> Rand million.

## Expenditure trends

This subprogramme is tasked with contributing to the country's efforts to reduce energy demand and carbon emissions, and to address the impacts of climate change. Thus the spending focus over the medium term will be on strengthening the implementation of various energy efficiency implementation tools, such as the implementation of the solar water heaters programme and the promulgation of the national energy efficiency strategy, by the start of 2014/15. Over the medium term, expenditure is expected to decrease as allocations earmarked for the national energy efficiency and demand side management programme, and transferred to Eskom for the installation of solar water heaters, are reduced because the programme was amended in 2013/14 to enforce the subsidisation of products with a high local content. The solar water heater programme will also stimulate the green economy by localising the associated value chains. The programme monitors the mandatory requirement of local content for those systems that benefit from government subsidies, requiring a minimum of 70 per cent. The programme helps to cushion the poor from high electricity prices. The department expects to install 383 637 solar units over the medium term and realise 7.5 terawatts per hour in energy savings.

One item of expenditure under goods and services that is expected to increase significantly over the medium term is advertising. This will be a result of the department facilitating a series of energy efficiency awareness campaigns in each of the country's regions.

The efficient use of energy in South Africa is a key element in mitigating the challenge of increased energy demand caused by our growing economy. Expenditure in the *Energy Efficiency* subprogramme thus increased between 2010/11 and 2013/14 as a result of the introduction of the energy efficiency and demand side management programme implemented by both Eskom and selected municipalities, and spending on the solar water heaters programme.

The subprogramme had a staff complement of 10 in 2013/14, which is expected to increase to 12 over the medium term, with the increases occurring among the higher 13 to 16 salary levels. This results in expenditure on compensation of employees growing by 37.1 per cent over the medium term.

## Public entities and other agencies

### Central Energy Fund

#### Mandate and goals

The Central Energy Fund is listed in schedule 2 of the Public Finance Management Act (1999), and is governed by the Central Energy Fund Act (1977) and the Companies Act (2008). Its mandate is to research, finance, develop and exploit appropriate energy solutions across the spectrum of energy sources to meet South Africa's future energy needs. In terms of its governing legislation, the company 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.

Through its 10 operating subsidiaries, the fund is also mandated to finance and promote the acquisition of coal; exploit coal deposits; manufacture liquid fuel, oil, and other products from coal; and market these products. The subsidiaries are: the Petroleum, Oil and Gas Corporation of South Africa; the South African Gas Development Company; the Petroleum Agency of South Africa; Oil Pollution Control South Africa; the Strategic Fuel Fund Association; African Exploration; ETA Energy; the South African Supplier Development Agency; the Central Energy Fund Carbon; and CCE Solutions.

- The fund's strategic goals over the medium term are to:
  - align operations and activities with the government's key outcomes and the minister's delivery agreement obligations
  - ensure the long term profitability of the fund
  - invest in alternative and cleaner energy technologies that will improve the quality of life for low income households through more affordable and safer energy sources
  - manage investments in subsidiaries to ensure good governance and sustainability
  - contribute towards South Africa's renewable energy targets
  - improve energy security of supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure
  - continue to develop projects in the clean and renewable energy sector.

## Selected performance indicators

**Table 29.19 Central Energy Fund**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of crude oil barrels maintained as per ministerial directive per year, measured in millions of barrels (mdbl)	To secure energy security of supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	10.3mdbl	10.3mdbl	10.3mdbl	10.3mdbl	10.3mdbl	10.3mdbl	10.3mdbl
Number of demonstrations of Basa Njengo Magogo method for cleaner coal use in townships per year	To secure energy security of supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure		50 000	30 000	40 000	40 000	40 000	40 000	40 000
Number of new solar water heating units installed per year	To secure energy security of supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure		-1	500	1 500	6 600	9 300	9 300	9 300
Number of tons (measured per thousands) of coal produced at Vlakfontein by the African Exploration Mining And Finance Corporation per year	To acquire, hold and develop exploration and mining rights		-1	750	1 200	1 700	1 500	1 600	1 600

1. The indicator was introduced in 2011/12.

## Programmes/activities/objectives

**Table 29.20 Central Energy Fund**

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
Administration	300.3	136.7	183.3	179.2	-15.8%	1.3%	198.9	210.5	222.3	7.4%	0.3%
To invest in relevant research and development activities	164.6	150.2	189.3	298.0	21.9%	1.2%	249.2	262.5	276.1	-2.5%	0.5%
To secure energy security of supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure	11 136.4	14 089.2	19 843.4	21 889.9	25.3%	96.0%	116 318.2	126 599.8	139 642.5	85.5%	98.4%
To acquire, hold and develop exploration and mining rights	24.1	153.9	263.0	268.1	123.3%	0.9%	340.0	395.3	425.9	16.7%	0.5%

Table 29.20 Central Energy Fund

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
To promote exploration and exploitation of natural oil and gas	84.5	60.6	75.5	121.6	12.9%	0.5%	144.1	163.9	183.0	14.6%	0.2%
To accelerate progress in the empowerment of historically disadvantaged SA suppliers in the petroleum industry	14.0	21.0	14.1	12.7	-3.2%	0.1%	13.4	14.2	15.0	5.7%	0.0%
<b>Total expense</b>	<b>11 723.9</b>	<b>14 611.7</b>	<b>20 568.6</b>	<b>22 769.4</b>	<b>24.8%</b>	<b>100.0%</b>	<b>117 263.8</b>	<b>127 646.2</b>	<b>140 764.7</b>	<b>83.5%</b>	<b>100.0%</b>

## Expenditure estimates

Table 29.21 Central Energy Fund

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>12 672.3</b>	<b>16 450.3</b>	<b>22 212.5</b>	<b>22 598.6</b>	<b>21.3%</b>	<b>99.4%</b>	<b>118 403.3</b>	<b>127 933.8</b>	<b>143 078.0</b>	<b>85.0%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	11 067.6	14 988.2	20 196.9	21 840.3	25.4%	91.0%	116 419.1	127 031.1	141 056.6	86.2%	98.2%
<i>of which:</i>											
<i>Sales by market establishment</i>	11 067.6	14 988.2	20 196.9	21 840.3	25.4%	91.0%	116 419.1	127 031.1	141 056.6	86.2%	98.2%
Other non-tax revenue	1 604.6	1 462.2	2 015.6	758.4	-22.1%	8.4%	1 984.1	902.7	2 021.3	38.6%	1.8%
<b>Total revenue</b>	<b>12 947.3</b>	<b>16 460.2</b>	<b>22 249.8</b>	<b>22 598.6</b>	<b>20.4%</b>	<b>100.0%</b>	<b>118 403.3</b>	<b>127 933.8</b>	<b>143 078.0</b>	<b>85.0%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>11 723.9</b>	<b>14 934.6</b>	<b>20 868.6</b>	<b>23 000.6</b>	<b>25.2%</b>	<b>100.1%</b>	<b>117 272.1</b>	<b>127 453.4</b>	<b>140 036.4</b>	<b>82.6%</b>	<b>99.7%</b>
Compensation of employees	1 008.3	1 311.6	1 595.4	2 397.3	33.5%	8.9%	1 629.2	1 507.8	1 619.7	-12.3%	3.5%
Goods and services	10 215.7	13 153.6	18 883.5	20 482.5	26.1%	88.7%	115 515.5	125 805.6	138 266.4	89.0%	95.9%
Depreciation	32.0	(4.0)	384.3	80.0	35.8%	0.6%	83.5	93.7	101.4	8.2%	0.1%
Interest, dividends and rent on land	467.9	473.5	5.4	40.8	-55.7%	1.8%	43.9	46.4	48.9	6.2%	0.1%
<b>Total expenses</b>	<b>11 723.9</b>	<b>14 893.7</b>	<b>20 868.6</b>	<b>23 003.3</b>	<b>25.2%</b>	<b>100.0%</b>	<b>117 506.3</b>	<b>127 902.0</b>	<b>141 034.6</b>	<b>83.0%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>1 223.0</b>	<b>1 567.0</b>	<b>1 381.0</b>	<b>(405.0)</b>	<b>-169.2%</b>		<b>897.0</b>	<b>32.0</b>	<b>2 043.0</b>	<b>-271.5%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	7 478.3	6 948.9	17 265.7	21 876.6	43.0%	33.0%	30 864.8	29 664.8	26 662.8	6.8%	42.6%
<i>of which:</i>											
<i>Acquisition of assets</i>	239.0	727.7	11 320.5	5 139.5	178.1%	10.1%	5 588.3	196.0	212.6	-65.4%	5.1%
Investments	740.2	3 862.8	3 633.4	3 044.5	60.2%	7.1%	3 840.3	6 827.6	10 494.7	51.1%	8.9%
Inventory	3 637.5	2 591.0	6 178.5	5 290.3	13.3%	11.1%	17 503.6	18 016.0	18 553.9	51.9%	21.6%
Receivables and prepayments	2 185.3	2 881.3	3 676.2	3 575.6	17.8%	7.8%	12 036.4	13 469.5	14 315.9	58.8%	15.7%
Cash and cash equivalents	17 531.7	19 144.9	13 073.3	9 243.9	-19.2%	39.3%	4 713.9	4 210.1	7 108.9	-8.4%	10.8%
Non-current assets held for sale	1 168.8	-	-	0.0	-97.0%	0.9%	0.0	0.0	0.0	-	0.0%
Taxation	424.2	26.8	27.8	0.0	-96.6%	0.4%	478.0	478.0	478.0	2 940.9%	0.5%
Derivatives financial instruments	428.1	192.7	-	-	-100.0%	0.5%	-	-	-	-	-
<b>Total assets</b>	<b>33 594.1</b>	<b>35 648.4</b>	<b>43 854.8</b>	<b>43 031.0</b>	<b>8.6%</b>	<b>100.0%</b>	<b>69 437.0</b>	<b>72 666.0</b>	<b>77 614.3</b>	<b>21.7%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	24 532.9	26 347.2	27 379.0	27 442.9	3.8%	68.3%	33 397.4	33 922.0	36 479.2	10.0%	51.4%
Capital and reserves	(47.0)	56.1	146.4	71.7	-215.1%	0.1%	458.1	1 017.9	1 704.6	187.6%	1.1%
Capital reserve fund	-	13.0	12.7	-	-	0.0%	-	765.5	1 668.0	-	0.8%
Borrowings	263.3	-	-	2 710.6	117.5%	1.8%	9 872.5	9 909.6	8 961.9	49.0%	11.4%
Finance lease	-	1.2	0.9	-	-	0.0%	-	-	-	-	-
Deferred income	3.5	13.3	10.3	12.8	54.4%	0.0%	12.8	12.8	12.8	0.0%	0.0%
Trade and other payables	1 580.3	2 492.5	3 541.8	2 745.8	20.2%	6.5%	13 312.1	13 916.1	14 555.9	74.4%	15.9%
Taxation	28.3	14.1	1 766.5	1 774.7	297.4%	2.1%	2 618.1	2 838.2	3 387.4	24.0%	4.0%
Provisions	7 232.9	6 615.9	8 865.0	8 211.5	4.3%	19.8%	9 704.9	10 222.9	10 783.5	9.5%	15.3%
Derivatives financial instruments	-	95.2	2 132.3	61.1	-	1.3%	61.1	61.1	61.1	-	0.1%
<b>Total equity and liabilities</b>	<b>33 594.1</b>	<b>35 648.4</b>	<b>43 854.8</b>	<b>43 031.0</b>	<b>8.6%</b>	<b>100.0%</b>	<b>69 437.0</b>	<b>72 666.0</b>	<b>77 614.3</b>	<b>21.7%</b>	<b>100.0%</b>

## Personnel information

**Table 29.22 Central Energy Fund**

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
			2012/13		2013/14			2014/15			2015/16			2016/17			2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost			
	2 058	2 058	2 058	1 595.5	0.8	2 197	2 397.3	1.1	2 202	1 629.2	0.7	2 202	1 507.8	0.7	2 202	1 619.7	0.7	-12.3%	100.0%
1 – 6	280	280	280	44.7	0.2	280	62.4	0.2	280	50.2	0.2	280	40.2	0.1	280	50.8	0.2	-6.6%	12.7%
7 – 10	920	920	920	575.9	0.6	1 051	778.4	0.7	1 056	544.2	0.5	1 056	503.7	0.5	1 056	544.5	0.5	-11.2%	47.9%
11 – 12	372	372	372	239.3	0.6	372	300.3	0.8	372	208.5	0.6	372	190.5	0.5	372	211.8	0.6	-11.0%	16.9%
13 – 16	409	409	409	540.3	1.3	417	790.4	1.9	417	607.1	1.5	417	564.2	1.4	417	593.2	1.4	-9.1%	19.0%
17 – 22	77	77	77	195.3	2.5	77	465.8	5.9	77	219.2	2.8	77	209.2	2.7	77	219.4	2.8	-22.2%	3.5%

1. Rand million.

## Expenditure trends

The Central Energy Fund derives its revenue from the sale of energy products, services rendered, royalty receipts and tank rentals. The revenue generated from the operating activities is used to secure energy supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure. The fund continues to partake in upstream activities to enable it to acquire, hold and develop exploration and mining rights in the areas of oil, gas, coal, and also renewable energy, as this in turn assists it in meeting its objective of developing projects in the clean and renewable energy sector as well as contributing towards South Africa's renewable energy targets. Revenue is expected to increase significantly over the medium term by 85 per cent due to projected income from projects that will be implemented over the medium term. The improved turnover is mainly due to improved market conditions from 2011/12 and increases in oil prices, and the demand for storage. The Irene project will result in significant revenue growth for the entity through entering the petroleum retail sector, with a projected 25 per cent market share in South Africa.

The fund's spending focus over the medium term is on accelerating spending on infrastructure, as well as the development of renewable and alternative energy sources in order to contribute to energy security in the county and contribute to the long term profitability of the fund. Projects incorporated over the medium term include: Ikhwezi, with a total approved budget of R11.2 billion, for which first gas is expected in June 2014; Sabre Oil and Gas in the Jubilee Production Field, with a total budget of R4 billion, where the acquisition has been finalised and additional investments will have been made by the end of 2013/14 to fully optimise the resource acquired; and Irene and other downstream acquisitions with a total estimated cost of R14 billion, the finalisation of which is dependent on successful negotiations with the parties concerned. It is anticipated that the transaction will reach closure in 2014/15. Other projects to be undertaken are Project Mthombo, and projects in Venezuela and Equatorial Guinea. Project Mthombo is a PetroSA initiative to build a world class crude refinery in the Coega industrial development zone in Eastern Cape by the end of March 2015. The initiative in Equatorial Guinea is a drilling project, while the project in Venezuela relates to the acquisition of a mature field opportunity. It is anticipated to be finalised by March 2020. This accounts for the strong growth in carrying value of assets, goods and services, and the energy security programme over the medium term.

Expenditure on goods and services increased by 26.1 per cent between 2010/11 and 2013/14 due to the escalation in spending as a result of the Vlakfontein Mine resuming full operating capacity in 2011/12. Over the medium term, total expenditure is expected to increase as well, to R141 billion in 2016/17, due to the incorporation of the operating results of Irene into the budgeted financials over the planning period, and growth associated with the increasing operational capacity at the Vlakfontein Mine and other projects. These projections are subject to the successful implementation of these projects.

Expenditure on compensation of employees increased between 2010/11 and 2013/14 as a result of the annual inflationary adjustment to employee salaries, as well as the creation of additional contractual employment opportunities within the group. Over the medium term, spending on compensation of employees is expected to decrease mainly due to fewer contractual employment opportunities that will be required following the completion of projects. The fund had an establishment of 2 058 posts, all of which are funded. Over the

medium term, filled posts are expected to remain at 2 202. As projects develop further, more accurate determinations of staffing requirements will be made.

## South African Nuclear Energy Corporation

### Mandate and goals

The South African Nuclear Energy Corporation is a schedule 2 entity, and derives its mandate from the Nuclear Energy Act (1999), the Nuclear Energy Policy of 2008, and directives conferred on it by the Minister of Energy. The corporation is responsible for nuclear energy research, development and innovation in South Africa, and the execution of nuclear fuel cycle activities.

Responsibilities also include: operating the SAFARI-1 research nuclear reactor for research and development purposes, and to provide irradiation services for the production of radioisotopes; the decommissioning and decontamination of nuclear facilities; and contributing to South Africa's obligations in terms of international nuclear treaties and agreements. The latter includes: the comprehensive safeguards agreement with the International Atomic Energy Agency; the Africa Regional Cooperative Agreement for research, development and training related to nuclear science and technology; the Comprehensive Nuclear Test Ban Treaty; and the Pelindaba Treaty.

- The corporation's strategic goals over the medium term are to:
  - maintain and develop the capability to house nuclear programmes
  - develop a strategy for the industrialisation of nuclear and associated technology
  - provide research and development support to the nuclear power cluster, specifically relating to uranium process chemistry
  - develop the production and commercial utilisation of radiation products and services.

### Selected performance indicators

Table 29.23 South African Nuclear Energy Corporation

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Annual sales for the Nuclear Energy Corporation of South Africa as a per cent of total group annual sales per year	Radiation products and services programme	Outcome 6: An efficient, competitive and responsive economic infrastructure network	5.5% (R1 107 135)	5.7% (R1 113 118)	9.11% (R1 184 969)	13.88% (R1 528 443)	14.47% (R1 542 914)	13.59% (R1 734 826)	23.43% (R1 994 307)
Number of published scientific articles per year	Nuclear energy programme		17	39	36	40	45	50	55
Number of products and process innovations per year	Nuclear energy programme		31	11	12	14	17	21	24
Number of reactor days that are operationally available out of the days scheduled for operation	Nuclear energy programme		306/304	308/303	303/303	303/303	303/303	303/303	303/303
Maximum allowable annual radiation dose in terms of licence conditions (microSv)	Nuclear energy programme		9	6.3	6.3	6	6	6	6
Performance percentage in terms of the annual safeguards activity plan objective	Nuclear energy programme		100%	100%	100%	100%	100%	100%	100%

## Programmes/activities/objectives

Table 29.24 South African Nuclear Energy Corporation

	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
R thousand											
Administration	237 328	276 852	459 451	318 477	10.3%	18.6%	291 617	305 761	329 093	1.1%	14.1%
Nuclear energy programme	347 077	441 729	344 200	327 350	-1.9%	21.1%	348 198	364 385	451 581	11.3%	16.8%
Radiation products and services programme	705 202	604 267	522 396	1 126 690	16.9%	41.1%	1 014 404	1 172 079	1 295 196	4.8%	51.9%
Necsa as a host of nuclear programmes	331 262	343 431	304 368	365 086	3.3%	19.2%	359 917	385 392	412 565	4.2%	17.2%
<b>Total expense</b>	<b>1 620 870</b>	<b>1 666 278</b>	<b>1 630 415</b>	<b>2 137 604</b>	<b>9.7%</b>	<b>100.0%</b>	<b>2 014 137</b>	<b>2 227 617</b>	<b>2 488 436</b>	<b>5.2%</b>	<b>100.0%</b>

## Expenditure estimates

Table 29.25 South African Nuclear Energy Corporation

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
R thousand											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>1 245 409</b>	<b>1 208 840</b>	<b>1 311 212</b>	<b>1 657 662</b>	10.0%	71.1%	<b>1 637 425</b>	<b>1 844 609</b>	<b>2 129 583</b>	8.7%	70.7%
Sale of goods and services other than capital assets	1 107 135	1 113 118	1 184 969	1 528 443	11.3%	64.7%	1 542 914	1 734 826	1 994 307	9.3%	66.1%
<i>of which:</i>											
<i>Sales by market establishment</i>	1 107 135	1 113 118	1 184 969	1 528 443	11.3%	64.7%	1 542 914	1 734 826	1 994 307	9.3%	66.1%
Other non-tax revenue	138 274	95 722	126 243	129 219	-2.2%	6.5%	94 511	109 783	135 276	1.5%	4.6%
<b>Transfers received</b>	<b>504 900</b>	<b>530 252</b>	<b>496 293</b>	<b>664 381</b>	9.6%	28.9%	<b>1 017 069</b>	<b>646 825</b>	<b>681 304</b>	0.8%	29.3%
<b>Total revenue</b>	<b>1 750 309</b>	<b>1 739 092</b>	<b>1 807 505</b>	<b>2 322 043</b>	9.9%	100.0%	<b>2 654 494</b>	<b>2 491 434</b>	<b>2 810 887</b>	6.6%	100.0%
<b>Expenses</b>											
<b>Current expenses</b>	<b>1 507 398</b>	<b>1 666 097</b>	<b>1 572 620</b>	<b>2 081 770</b>	11.4%	96.7%	<b>1 947 151</b>	<b>2 161 523</b>	<b>2 400 928</b>	4.9%	96.9%
Compensation of employees	561 588	623 664	649 650	773 965	11.3%	37.0%	795 088	835 315	885 003	4.6%	37.2%
Goods and services	854 697	960 922	809 130	1 217 671	12.5%	54.2%	1 044 941	1 218 322	1 404 956	4.9%	55.0%
Depreciation	75 409	80 467	93 800	86 077	4.5%	4.8%	101 840	99 633	101 758	5.7%	4.4%
Interest, dividends and rent on land	15 704	1 044	20 040	4 057	-36.3%	0.6%	5 282	8 253	9 211	31.4%	0.3%
<b>Total expenses</b>	<b>1 620 870</b>	<b>1 666 278</b>	<b>1 630 415</b>	<b>2 137 604</b>	9.7%	100.0%	<b>2 014 137</b>	<b>2 227 617</b>	<b>2 488 436</b>	5.2%	100.0%
<b>Surplus/(Deficit)</b>	<b>129 439</b>	<b>72 814</b>	<b>177 090</b>	<b>184 439</b>	12.5%		<b>640 357</b>	<b>263 817</b>	<b>322 451</b>	20.5%	
<b>Statement of financial position</b>											
Carrying value of assets	812 874	907 503	1 009 957	1 100 828	10.6%	45.1%	1 245 762	1 323 582	1 359 870	7.3%	43.9%
<i>of which:</i>											
<i>Acquisition of assets</i>	102 128	171 097	209 649	167 593	18.0%	7.6%	247 645	178 328	138 918	-6.1%	6.5%
Investments	69 059	105 552	146 522	211 092	45.1%	6.1%	265 858	330 276	375 054	21.1%	10.2%
Inventory	161 286	215 535	266 281	300 757	23.1%	11.0%	298 716	260 966	280 510	-2.3%	10.1%
Loans	998	1 026	-	-	-100.0%	0.0%	-	-	-	-	-
Receivables and prepayments	265 761	316 297	352 838	293 541	3.4%	14.5%	316 231	339 954	396 440	10.5%	11.7%
Cash and cash equivalents	482 732	462 541	475 974	421 836	-4.4%	22.0%	621 475	755 647	841 080	25.9%	22.6%
Non-current assets held for sale	2 130	-	-	-	-100.0%	0.0%	-	-	-	-	-
Taxation	16 926	19 706	21 039	42 785	36.2%	1.2%	42 785	42 785	42 785	-	1.5%
<b>Total assets</b>	<b>1 811 766</b>	<b>2 028 159</b>	<b>2 272 611</b>	<b>2 370 839</b>	9.4%	100.0%	<b>2 790 827</b>	<b>3 053 209</b>	<b>3 295 739</b>	11.6%	100.0%
Accumulated surplus/(deficit)	355 550	399 325	538 318	617 981	20.2%	22.3%	734 674	827 089	966 834	16.1%	27.2%
Capital and reserves	351 627	346 518	347 090	316 877	-3.4%	16.3%	316 877	316 877	316 877	-	11.2%
Capital reserve fund	340 941	355 301	405 037	333 093	-0.8%	17.1%	514 975	540 453	576 738	20.1%	16.9%
Borrowings	17 688	15 759	16 275	43 664	35.1%	1.1%	72 812	101 662	83 462	24.1%	2.6%
Finance lease	10 637	7 218	7 587	7 587	-10.7%	0.4%	6 830	6 086	5 490	-10.2%	0.2%
Trade and other payables	169 075	235 698	277 980	306 497	21.9%	11.5%	331 447	372 565	406 465	9.9%	12.3%
Taxation	1 537	12 431	29 489	1 416	-2.7%	0.5%	1 416	1 416	1 416	-	0.0%
Provisions	564 711	642 733	617 990	710 617	8.0%	30.0%	779 692	856 045	908 603	8.5%	28.4%
Managed funds (e.g. poverty alleviation fund)	-	-	21 015	21 277	-	0.5%	21 277	21 277	21 277	-	0.8%
Derivatives financial instruments	-	13 176	11 830	11 830	-	0.4%	10 827	9 739	8 577	-10.2%	0.4%
<b>Total equity and liabilities</b>	<b>1 811 766</b>	<b>2 028 159</b>	<b>2 272 611</b>	<b>2 370 839</b>	9.4%	100.0%	<b>2 790 828</b>	<b>3 053 209</b>	<b>3 295 739</b>	11.6%	100.0%
<b>Contingent liabilities</b>	-	2 656.0	17 311.0	-			(0.3)	(0.1)	(0.4)		

## Personnel information

**Table 29.26 South African Nuclear Energy Corporation Limited**

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14			2014/15		2015/16		2016/17		2013/14 - 2016/17					
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost				Unit Cost		
	2 247	2 247	2 397	649.7	0.3	2 247	774.0	0.3	2 416	795.1	0.3	2 417	835.3	0.3	2 432	885.0	0.4	4.6%	100.0%
1 – 6	701	701	890	82.1	0.1	701	65.7	0.1	877	93.2	0.1	878	98.2	0.1	889	103.9	0.1	16.5%	35.1%
7 – 10	760	760	771	271.6	0.4	760	197.5	0.3	995	347.3	0.3	995	361.2	0.4	995	382.7	0.4	24.7%	39.3%
11 – 12	564	564	536	160.2	0.3	564	285.4	0.5	336	191.3	0.6	336	202.7	0.6	340	214.9	0.6	-9.0%	16.7%
13 – 16	212	212	189	128.3	0.7	212	207.0	1.0	204	154.9	0.8	204	164.2	0.8	204	174.0	0.9	-5.6%	8.7%
17 – 22	10	10	11	7.5	0.7	10	18.4	1.8	4	8.5	2.1	4	9.0	2.2	4	9.5	2.4	-19.7%	0.2%

1. Rand million.

## Expenditure trends

The South African Nuclear Energy Corporation derives its revenue from the sale of nuclear technology products, chemical products, and nuclear engineering services, and from transfer payments received from government to fund the operation of specific activities, namely the decommissioning of strategic plants, the production and conversion of low enriched uranium fuel, and nuclear security. Between 2010/11 and 2013/14, the increase in revenue was mainly due to an increase in sales by the subsidiary NTP Radioisotopes.

The corporation's spending focus over the medium term continues to be on six areas: radioisotope production, radiation applications, research and development, specialised nuclear manufacturing, the nuclear fuel cycle, and nuclear power generation support. The first three are the current priority focus areas and are aimed at expanding research and development programmes in support of the corporation's core activities; contributing to the national system of innovation; and strengthening the global market position in medical radioisotopes for NTP Radioisotopes, which is wholly owned by the corporation. The latter three are aligned with the integrated resource plan for electricity 2010-2030, and the requirements for the building of new nuclear power reactors. These activities are expected to increase the corporation's proportion of total annual group sales to around 23.4 per cent in 2016/17. These reactor building requirements include the manufacturing of specialised components so as to increase localisation opportunities that will arise out of South Africa's nuclear power expansion programme, and the commercial exploitation of the corporation's strategic fluorine technology platform. These activities account for most of the spending on goods and services over the medium term, as well as the expenditure on the acquisition of assets, and will also assist the entity in increasing its sales as a proportion of group sales over the medium term.

The increase in expenditure between 2010/11 and 2013/14 was mostly as a result of inflation adjustments, annual salary increases, severance packages, and above inflation increases in electricity costs and licensing fees, which accounts for the large increases in spending on compensation of employees and the administration programme. In addition, in 2010/11 the corporation was required to respond to the downscaling of the Pebble Bed Modular Reactor programme by employing people with valuable and highly scarce nuclear skills who were being retrenched from this programme, in recognition of the impending nuclear power expansion programme. During this time, the corporation also entered into a medical aid buyout agreement accepting post-retirement liability with all employees under the age of 45. Expenditure on compensation of employees increased to R774 million in 2013/14 due to the inclusion of severance packages offered and accepted by the corporation's staff during the organisational downsizing process and the appointment of additional staff. The number of posts decreased from 2 397 in 2012/13 to 2 247 in 2013/14 due to the reduction of headcounts through these voluntary severance packages. Over the medium term, this expenditure is expected to increase to R885 million in 2016/17 due to annual salary increases and the appointment of staff in vacant positions; the number of positions is expected to increase to 2 432 in 2016/17.

Over the medium term, a significant portion of the corporation's goods and services funding will be utilised for critical repairs and maintenance while also providing for above inflation increases in costs and licensing fees.

The additional once-off allocation of R190 million in 2014/15 is earmarked for the upgrading and replacement of Pelindaba site infrastructure, the replacement and refurbishment of underground piping systems, strengthening Pelindaba site security infrastructure, replacing and upgrading SAFARI-1 facilities for processing enriched and depleted uranium as part of the reactor's overall ageing management programme, upgrading liquid effluent management services to comply with licensing and regulatory requirements, and sustaining critical investment in the corporation's analytical and calibration capabilities. Reserves are mainly non-cash reserves, consisting of fair value adjustments to the land and buildings of the corporation.

Spending on consultants is mainly used for functions which the entity does not have the requisite expertise and skills to perform. These functions include the review of compliance with certain environmental permit applications; conducting ISO 9000 compliance audits; determining a capital funding model for NTP Radioisotopes; upgrading and customising the enterprise resource planning system; conducting reactor analysis work; conducting specialised engineering on projects; and conducting environmental impact assessments to obtain approvals for expansions and new plants.

### **Other public entities and agencies**

Comprehensive coverage of the following public entities is provided with more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **National Energy Regulator of South Africa** is the regulatory authority for electricity, gas and petroleum. Its total budget for 2014/15 is R272.4 million.
- The **National Nuclear Regulator** is responsible for the protection of people, property, and the environment against nuclear damage. Its total budget for 2014/15 is R170.8 million.
- The **South African National Energy Development Institute** is mandated 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. Its total budget for 2014/15 is R224 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Integrated national electrification programme: Eskom	Provision of capital subsidies to Eskom to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure and rehabilitate electrification infrastructure	Various	-	1 719.8	1 737.8	1 879.4	2 141.0	2 948.0	3 680.0	3 875.1
Integrated national electrification programme: Municipalities	Provision of capital subsidies to municipalities to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure and rehabilitate electrification infrastructure	Various	-	1 033.4	1 096.6	1 151.4	1 314.8	1 104.7	2 056.1	2 165.1
Petronet: Transnet pipelines	Construction of petroleum pipeline, branch lines and storage facilities	Various	-	1 500.0	1 500.0	1 500.0	-	-	-	-
Integrated national electrification programme: Non-grid	Provision of capital subsidies to non-grid electrification service providers to address electrification backlogs	Various	-	9.9	127.9	58.3	119.2	96.6	101.1	106.4
<b>Total</b>			-	<b>4 263.1</b>	<b>4 462.3</b>	<b>4 589.1</b>	<b>3 575.0</b>	<b>4 149.3</b>	<b>5 837.2</b>	<b>6 146.6</b>

## Environmental Affairs

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	653.4	636.6	12.9	3.9	681.4	693.9
Legal, Authorisations and Compliance	122.6	121.7	–	0.9	129.0	133.4
Oceans and Coasts	357.4	344.2	–	13.2	424.6	448.3
Climate Change and Air Quality	227.7	72.8	153.9	1.0	240.1	274.6
Biodiversity and Conservation	636.8	103.4	532.7	0.7	669.6	692.0
Environmental Programmes	3 598.3	611.9	2 965.2	21.3	3 756.2	4 233.3
Chemicals and Waste Management	72.2	60.6	11.0	0.5	79.2	84.0
<b>Total expenditure estimates</b>	<b>5 668.4</b>	<b>1 951.2</b>	<b>3 675.7</b>	<b>41.4</b>	<b>5 980.3</b>	<b>6 559.5</b>

Executive authority Minister of Environmental Affairs  
 Accounting officer Director General of Environmental Affairs  
 Website address [www.environment.gov.za](http://www.environment.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Lead South Africa's environmental sector to achieve sustainable development towards a better quality of life for all.*

### Mandate

The Department of Environmental Affairs is mandated to give effect to the right of citizens to an environment that is not harmful to their health or wellbeing, and to have the environment protected for the benefit of present and future generations. To this end, the department provides leadership in environmental management, conservation and protection towards sustainability for the benefit of South Africans and the global community.

This mandate is derived from the following legislation:

- the National Environmental Management Act (1998), which provides for issue specific legislation on: biodiversity and heritage resources; oceans and coasts; climate change and air quality management; and waste and chemicals management
- the National Environmental Management Amendment Act (2004), which streamlines the process of regulating and administering the environmental impact assessment process
- the National Environmental Management: Protected Areas Amendment Act (2009), which provides for the assignment of national parks, special parks and heritage sites to South African National Parks and the World Heritage Act (2001)
- the National Environmental Management: Biodiversity Act (2004), which significantly reforms South Africa's laws regulating biodiversity
- the National Environmental Management: Air Quality and Atmospheric Act (2004), which reforms the law regulating air quality in order to protect the environment by providing reasonable measures for preventing pollution and ecological degradation, securing ecologically sustainable development, and provides for national norms and standards regulating air quality monitoring
- the National Environmental Management: Waste Act (2008), which reforms the law regulating waste management, in order to protect health and the environment by providing reasonable measures for the prevention of pollution

- the National Environmental Management: Integrated Coastal Management Act (2008), which promotes the conservation of the coastal environment and ensures sustainable development practices and the use of natural resources.

## Strategic goals

The department's strategic goals over the medium term are to:

- ensure that the department has optimal capacity to deliver services efficiently and effectively
- ensure that South Africa's environmental assets are conserved, valued, sustainably used, protected and continually enhanced for the benefit of both current and future generations of South Africans
- enhance socioeconomic benefits and employment creation in a safe, clean and healthy environment for both present and future generations in a safe
- provide leadership in environmental management, conservation and protection towards sustainability for the benefit of both current and future generations of South Africans
- manage the interface between the environment and development to encourage the transformation of the development trajectory to an environmentally sustainable, inclusive, low carbon and green economic growth path
- promote compliance with environmental legislation, and act decisively against transgressors
- develop and facilitate the implementation of a climate change adaptation and mitigation regulatory framework
- facilitate the transition to an environmentally sustainable, job creating and low carbon, green development pathway through the national Green Fund and environmental projects in the expanded public works programme
- improve the provision of quality waste management services across the country with clear environmental health benefits for communities, particularly those with no previous access to waste management services.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide leadership, strategic centralised administration and executive support and corporate services. Facilitate, environmental education and awareness and effective cooperative governance, and environmental relations.

### Programme 2: Legal, Authorisations and Compliance

**Purpose:** Promote the environmental legal regime and licensing system.

### Programme 3: Oceans and Coasts

**Purpose:** Promote, manage and provide strategic leadership on oceans and coastal conservation.

### Programme 4: Climate Change and Air Quality

**Purpose:** Formulate policies, and administer legislation and implement systems to improve regulation, monitoring and compliance regarding climate change and air quality.

### Programme 5: Biodiversity and Conservation

**Purpose:** Ensure the regulation and management of biodiversity, heritage and conservation matters in a manner that facilitates sustainable economic growth and development.

### Programme 6: Environmental Programmes

**Purpose:** Implement expanded public works and green economy projects in the environmental sector.

## Programme 7: Chemicals and Waste Management

**Purpose:** Formulate policies and administer legislation regarding chemicals and waste management to improve the regulation, monitoring, compliance and enforcement.

### Selected performance indicators

Table 30.1 Environmental Affairs

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of interventions for streamlining environmental authorisations for strategic infrastructure programmes and industrial policy action plan priorities developed per year	Legal Authorisations, Compliance and Enforcement	Outcome 10: Environmental assets and natural resources that are valued, protected and continually enhanced	-1	-1	-1	3	5	5	5
Percentage of national environmental impact management applications processed within stipulated time frames per year <sup>2</sup>	Legal Authorisations, Compliance and Enforcement		87% (348)	88% (352)	88% (352)	89% (356)	90% (360)	90% (360)	90% (360)
Number of environmental authorisations inspected per year	Legal Authorisations, Compliance and Enforcement		51	70	85	125	135	145	155
Number of annual research voyages per year in Antarctica, and at Marion and Gough islands	Oceans and Coasts		3	3	3	3	3	3	3
Percentage of coastline with full protection	Oceans and Coasts		9% (324 /3 600km)	9% (324 /3 600km)	9% (324 /3 600km)	9.5% (342 /3 600km)	10% (360 /3 600km)	11% (396 /3 600km)	11.5% (414 /3 600km)
Percentage of exclusive economic zone under protection	Oceans and Coasts		1% (15 000 /1 500 000km <sup>2</sup> )	1% (15 000 /1 500 000km <sup>2</sup> )	2.0% (30 000 /1 500 000km <sup>2</sup> )	2.0%	2.5%	3.0%	3.0%
National air quality index	Climate Change and Air Quality		1.150	1.145	0.972	1.35	1.30	1.25	1.2
Total number of climate change response policy interventions implemented	Climate Change and Air Quality		-3	6	4	10	16	20	25
Total percentage of land under conservation towards the Convention on Biological Diversity target of 17 per cent by 2020	Biodiversity and Conservation		6.4% (7 807 436ha)	6.9% (8 417 392ha)	7.7% (9 393 322ha)	7.9% (9 637 304ha)	8.5% (10 369 252ha)	9.2% (11 236 402ha)	9.7% (11 941 912ha)
Percentage of area of state-managed protected areas assessed with management effectiveness tracking tool score above 67 per cent	Biodiversity and Conservation		-3	-3	30% (1 957 766 /6 525 889)	85% (5 547 005 /6 525 889)	87% (2 232 323 /6 525 889)	88% (2 257 982 /6 525 889)	89% (2 283 641 /6 525 889)
Number of work opportunities created through expanded public works programme projects per year	Environmental Programmes	45 856	65 182	99 548	65 494	77 562	80 280	71 018	

**Table 30.1 Environmental Affairs**

Indicator	Programme	Outcome	Past			Current 2013/14	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Number of full time equivalent jobs created through expanded public works programme projects per year	Environmental Programmes		21 899	23 074	23 136	34 019	40 324	38 061	37 215
Total number of plastic buy-back centres established	Environmental Programmes	Outcome 10: Environmental assets and natural resources that are valued, protected and continually enhanced	– <sup>3</sup>	– <sup>3</sup>	9	9	11	15	15
Total number of Green Fund projects approved and implemented	Environmental Programmes		– <sup>3</sup>	– <sup>3</sup>	9	20	45	55	65
Number of unlicensed waste disposal sites that are authorised per year	Chemicals and Waste Management		– <sup>3</sup>	116	41	202	40	0 <sup>4</sup>	0 <sup>4</sup>
Total percentage of waste tyre being reused, recycled and recovered	Chemicals and Waste Management		– <sup>3</sup>	– <sup>3</sup>	– <sup>3</sup>	1% (110 000)	4% (440 000)	10% (1 100 000)	20% (2 200 000)

1. No historical data, as this is a new indicator.

2. These percentages apply provided that no more than 400 applications are received.

3. These indicators were recently introduced, so there is no data for these years.

4. All identified unlicensed sites will be licensed by 2014/15.

## The national development plan

In order to realise the vision of the national development plan of an environmentally sustainable, climate change resilient and low carbon economy, the challenges of deteriorating environmental quality due to pollution, waste management and natural resource degradation, destruction and depletion must be effectively addressed. The national development plan highlights the need to sustain ecosystems, mitigate the effects of climate change and manage the transition towards a low carbon economy effectively. In response, the department's strategic plan has aligned with these intentions.

In relation to the preservation of ecosystems, the focus will be on an increase in the conservation estate to 8.7 per cent in 2015 towards the international target of 17 per cent by 2020; the rehabilitation and restoration of 62 640 hectares of degraded land and ecosystems by 2015; and ensuring the sustainable exploitation of natural resources by identifying and publishing at least one environmentally significant area restricted for mining activities by 2015.

To mitigate the effects of climate change, South Africa has pledged to reduce carbon emissions by 35 per cent in 2020. In 2014/15, related activities will include the implementation of interventions identified in the national climate change policy, which include the development of adaptation strategies and plans for key sectors.

To manage the transition to a low carbon economy, the focus in 2014/15 will be on reviewing economic development policies and infrastructure development initiatives to ensure that they meet the standards for environmental sustainability and low carbon requirements.

## Expenditure estimates

**Table 30.2 Environmental Affairs**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
Administration	360.7	379.6	675.6	777.3	777.3	29.2%	12.5%	653.4	681.4	693.9	-3.7%	12.0%
Legal, Authorisations and Compliance	68.7	74.0	114.5	113.3	113.3	18.2%	2.1%	122.6	129.0	133.4	5.6%	2.1%
Oceans and Coasts	644.3	876.3	524.6	318.2	318.2	-21.0%	13.4%	357.4	424.6	448.3	12.1%	6.6%
Climate Change and Air Quality	186.2	309.3	207.5	233.8	233.8	7.9%	5.3%	227.7	240.1	274.6	5.5%	4.2%
Biodiversity and Conservation	442.6	479.5	568.4	576.7	576.7	9.2%	11.8%	636.8	669.6	692.0	6.3%	11.0%
Environmental Programmes	1 568.4	1 976.9	2 793.6	3 121.8	3 121.8	25.8%	53.8%	3 598.3	3 756.2	4 233.3	10.7%	62.8%
Chemicals and Waste Management	29.2	35.8	58.5	65.7	65.7	31.0%	1.1%	72.2	79.2	84.0	8.5%	1.3%
<b>Total</b>	<b>3 300.1</b>	<b>4 131.5</b>	<b>4 942.7</b>	<b>5 206.8</b>	<b>5 206.8</b>	<b>16.4%</b>	<b>100.0%</b>	<b>5 668.4</b>	<b>5 980.3</b>	<b>6 559.5</b>	<b>8.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(224.3)	(224.3)			90.9	(148.2)	127.0		

Table 30.2 Environmental Affairs

Economic classification	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
	R million											
<b>Current payments</b>	<b>1 699.9</b>	<b>1 440.4</b>	<b>1 386.0</b>	<b>1 589.0</b>	<b>1 589.0</b>	<b>-2.2%</b>	<b>34.8%</b>	<b>1 951.2</b>	<b>2 118.4</b>	<b>2 209.6</b>	<b>11.6%</b>	<b>33.6%</b>
Compensation of employees	400.1	469.1	560.8	668.0	668.0	18.6%	11.9%	752.2	808.7	866.3	9.1%	13.2%
Goods and services	1 299.5	971.1	824.9	921.0	921.0	-10.8%	22.8%	1 199.1	1 309.7	1 343.3	13.4%	20.4%
<i>of which:</i>												
<i>Consultants and professional services: Business and advisory services</i>	158.6	255.5	102.0	72.6	72.6	-22.9%	3.3%	102.5	185.0	175.7	34.2%	2.3%
<i>Agency and support / outsourced services</i>	254.0	86.4	50.3	148.4	148.4	-16.4%	3.1%	293.6	301.2	312.5	28.2%	4.5%
<i>Operating leases</i>	87.2	71.1	68.3	148.3	148.3	19.4%	2.1%	157.3	164.6	172.3	5.1%	2.7%
<i>Travel and subsistence</i>	98.3	100.1	146.5	144.3	144.3	13.6%	2.8%	146.4	138.4	131.4	-3.1%	2.4%
Interest and rent on land	0.4	0.2	0.2	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 186.0</b>	<b>2 025.0</b>	<b>3 081.0</b>	<b>3 438.5</b>	<b>3 438.5</b>	<b>42.6%</b>	<b>55.3%</b>	<b>3 675.7</b>	<b>3 818.5</b>	<b>4 304.1</b>	<b>7.8%</b>	<b>65.1%</b>
Provinces and municipalities	0.1	-	-	-	-	-100.0%	0.0%	-	-	-	-	-
Departmental agencies and accounts	664.9	681.6	768.3	1 127.5	1 127.5	19.2%	18.4%	1 208.2	1 318.7	1 479.9	9.5%	21.9%
Higher education institutions	1.0	1.0	1.0	-	-	-100.0%	0.0%	-	-	-	-	-
Foreign governments and international organisations	19.1	12.9	12.9	12.9	12.9	-12.2%	0.3%	12.9	13.5	14.2	3.3%	0.2%
Public corporations and private enterprises	4.1	-	88.8	250.0	250.0	292.7%	2.0%	250.0	300.0	215.9	-4.8%	4.3%
Non-profit institutions	35.0	26.9	3.0	1.5	1.5	-64.9%	0.4%	3.2	3.2	3.3	29.1%	0.0%
Households	461.8	1 302.6	2 207.1	2 046.6	2 046.6	64.3%	34.2%	2 201.5	2 183.1	2 590.8	8.2%	38.5%
<b>Payments for capital assets</b>	<b>413.8</b>	<b>666.0</b>	<b>475.5</b>	<b>179.3</b>	<b>179.3</b>	<b>-24.3%</b>	<b>9.9%</b>	<b>41.4</b>	<b>43.4</b>	<b>45.8</b>	<b>-36.5%</b>	<b>1.3%</b>
Buildings and other fixed structures	390.6	642.0	220.4	146.0	146.0	-28.0%	8.0%	-	-	-	-100.0%	0.6%
Machinery and equipment	22.8	24.0	251.9	33.2	33.2	13.3%	1.9%	41.4	43.4	45.8	11.4%	0.7%
Software and other intangible assets	0.4	0.1	3.2	0.1	0.1	-35.3%	0.0%	-	-	-	-100.0%	0.0%
<b>Payments for financial assets</b>	<b>0.4</b>	<b>0.1</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-50.1%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>
<b>Total</b>	<b>3 300.1</b>	<b>4 131.5</b>	<b>4 942.7</b>	<b>5 206.8</b>	<b>5 206.8</b>	<b>16.4%</b>	<b>100.0%</b>	<b>5 668.4</b>	<b>5 980.3</b>	<b>6 559.5</b>	<b>8.0%</b>	<b>100.0%</b>

## Personnel information

Table 30.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Environmental Affairs</b>																			
<b>Salary level</b>	<b>1 600</b>	<b>188</b>	<b>1 604</b>	<b>560.8</b>	<b>0.3</b>	<b>1 748</b>	<b>668.0</b>	<b>0.4</b>	<b>1 758</b>	<b>752.2</b>	<b>0.4</b>	<b>1 774</b>	<b>808.7</b>	<b>0.5</b>	<b>1 788</b>	<b>866.3</b>	<b>0.5</b>	<b>0.8%</b>	<b>100.0%</b>
1 – 6	360	129	435	56.4	0.1	484	64.4	0.1	484	75.5	0.2	489	81.9	0.2	489	87.1	0.2	0.3%	27.5%
7 – 10	784	42	750	220.8	0.3	805	268.0	0.3	809	299.3	0.4	813	324.0	0.4	826	351.8	0.4	0.9%	46.0%
11 – 12	293	9	262	156.5	0.6	291	183.7	0.6	296	210.2	0.7	301	225.7	0.7	302	240.0	0.8	1.2%	16.8%
13 – 16	163	8	157	127.2	0.8	168	151.9	0.9	169	167.2	1.0	171	177.1	1.0	171	187.4	1.1	0.6%	9.6%

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

2. Rand million.

## Expenditure trends

As part of the national development plan to create green jobs, the spending focus over the medium term will continue to be on creating jobs in the environment sector through the rollout of the expanded public works programme. This focus is reflected in the significant amount of the department's budget allocated to the *Environmental Programmes* programme, which makes transfers of funds for the expanded public works programme. Over the medium term, expenditure in this programme is projected to grow at an average annual rate of 10.7 per cent due to an additional allocation of R205 million over the period. The increased expenditure will allow the expanded public works programme to create 115 600 full time equivalent jobs and 228 860 work opportunities over the medium term. Between 2010/11 and 2013/14, the programme created 102 128 full time

equivalent jobs and 276 080 work opportunities, hence the significant growth evident in expenditure on transfers and subsidies over the period.

In addition to transfers for the expanded public works programme, the *Environmental Programmes* programme also makes transfers of funds to its public entities. Projected to take up 21.9 per cent of the department's allocation over the medium term, these transfers are expected to increase due to further Cabinet approved additional allocations of: R490 million over 2014/15 and 2015/16 for infrastructure upgrades at the public entities; R50 million over 2014/15 and 2015/16 for combatting rhino poaching, mainly in the South African National Parks; R28 million over the medium term to repair infrastructure damaged by disasters at some South African National Parks operations; and R250 million in 2014/15 for the Green Fund to fund projects that support environmental protection.

The *Administration* programme expanded its mandate in 2011/12 to include managing and facilitating the department's international relations, engagements and cooperation agreements, as well as managing the infrastructure development programme. This increased expenditure in the *Administration* programme and on compensation of employees between 2010/11 and 2013/14 is to provide the capacity required to meet the expanded mandate. The department increased its funded establishment to 1 600 posts, with 188 additional and 40 vacant as at 30 November 2013. The vacancies are the result of natural attrition, a lack of adequately skilled people within the environmental sector and the time needed to finalise recruitment processes. The department underwent a restructuring process in 2011/12 to strengthen its capacity to provide effective and efficient enforcement and compliance capacity in the environmental sector, and to build capacity to combat rhino poaching. As a result, the department's establishment is expected to increase further to 1 788 funded posts over the medium term.

Expenditure on consultants decreased between 2010/11 and 2013/14 due to cost cutting measures but is expected to increase to R279.9 million over the medium term, mainly to provide for the installation of IT infrastructure for the new departmental building. Consultants mostly provide business and advisory services; infrastructure, IT and planning support, and laboratory services. Cabinet approved budget reductions of R197 million in 2014/15, R182.3 million in 2015/16 and R100 million in 2016/17 have been effected across all programmes. The details of these reductions are discussed within each programme.

### Infrastructure spending

Spending on infrastructure decreased from R601.7 million in 2010/11 to R405.7 million in 2013/14, and is expected to increase to R540 million in 2016/17. Over the medium term, these funds will be used to maintain and upgrade facilities and equipment at the department's public entities, including the South African Weather Services, South African National Parks, the South African National Biodiversity Institute and the iSimangaliso Wetland Park Authority.

The department entered into a public private partnership agreement in 2010/11 to build a new departmental building in Pretoria. An additional contribution of R220 million in 2012/13 and R146 million in 2013/14 was provided in order to decrease the annual unitary payments due in the 25 years after the completion of the project. Construction of the building began in July 2012, and the project is scheduled for completion in September 2014.

## Departmental receipts

Table 30.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16			2016/17
R thousand													
<b>Departmental receipts</b>	<b>8 511</b>	<b>17 990</b>	<b>18 486</b>	<b>19 126</b>	<b>28 477</b>	<b>49.6%</b>	<b>100.0%</b>	<b>23 727</b>	<b>24 765</b>	<b>25 764</b>	<b>-3.3%</b>	<b>100.0%</b>	
<b>Sales of goods and services produced by department</b>	<b>282</b>	<b>317</b>	<b>803</b>	<b>1 605</b>	<b>3 400</b>	<b>129.3%</b>	<b>6.5%</b>	<b>3 560</b>	<b>3 741</b>	<b>3 882</b>	<b>4.5%</b>	<b>14.2%</b>	
Administration fees	-	-	-	-	2 000	-	2.7%	2 120	2 241	2 362	5.7%	8.5%	
of which:													
Licence fees	-	-	-	-	2 000	-	2.7%	2 120	2 241	2 362	5.7%	8.5%	
Other sales	282	317	803	1 605	1 400	70.6%	3.8%	1 440	1 500	1 520	2.8%	5.7%	
of which:													
Replacement of security cards	36	32	56	756	700	168.9%	1.1%	720	750	760	2.8%	2.9%	
Sales of departmental publications	246	285	747	849	700	41.7%	2.7%	720	750	760	2.8%	2.9%	
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>26.0%</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	
of which:													
Waste paper	1	6	1	2	2	26.0%	-	2	2	2	-	-	
<b>Fines, penalties and forfeits</b>	<b>-</b>	<b>11 766</b>	<b>2 457</b>	<b>350</b>	<b>5 000</b>	<b>-</b>	<b>26.2%</b>	<b>5 000</b>	<b>5 000</b>	<b>5 000</b>	<b>-</b>	<b>19.5%</b>	
<b>Interest, dividends and rent on land</b>	<b>90</b>	<b>165</b>	<b>83</b>	<b>138</b>	<b>50</b>	<b>-17.8%</b>	<b>0.5%</b>	<b>140</b>	<b>142</b>	<b>144</b>	<b>42.3%</b>	<b>0.5%</b>	
Interest	90	165	83	138	50	-17.8%	0.5%	140	142	144	42.3%	0.5%	
<b>Sales of capital assets</b>	<b>87</b>	<b>40</b>	<b>28</b>	<b>25</b>	<b>25</b>	<b>-34.0%</b>	<b>0.2%</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>-</b>	<b>0.1%</b>	
<b>Transactions in financial assets and liabilities</b>	<b>8 051</b>	<b>5 696</b>	<b>15 114</b>	<b>17 006</b>	<b>20 000</b>	<b>35.4%</b>	<b>66.5%</b>	<b>15 000</b>	<b>15 855</b>	<b>16 711</b>	<b>-5.8%</b>	<b>65.8%</b>	
<b>Total</b>	<b>8 511</b>	<b>17 990</b>	<b>18 486</b>	<b>19 126</b>	<b>28 477</b>	<b>49.6%</b>	<b>100.0%</b>	<b>23 727</b>	<b>24 765</b>	<b>25 764</b>	<b>-3.3%</b>	<b>100.0%</b>	

## Programme 1: Administration

Table 30.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
Management	27.1	44.4	41.5	92.6	50.6%	9.4%	103.2	107.3	108.4	5.4%	14.7%	
Corporate Affairs	134.5	158.0	190.0	182.5	10.7%	30.3%	177.9	191.6	200.6	3.2%	26.8%	
Environmental Advisory Services	47.7	43.8	57.6	103.2	29.3%	11.5%	109.6	107.8	95.9	-2.4%	14.8%	
Financial Management	22.3	26.5	39.9	48.1	29.2%	6.2%	53.8	56.2	59.7	7.5%	7.8%	
Office Accommodation	88.4	65.0	297.8	294.1	49.3%	34.0%	153.9	160.9	168.8	-16.9%	27.7%	
Environmental Sector Coordination	40.8	41.9	48.8	56.9	11.7%	8.6%	55.0	57.5	60.5	2.1%	8.2%	
<b>Total</b>	<b>360.7</b>	<b>379.6</b>	<b>675.6</b>	<b>777.3</b>	<b>29.2%</b>	<b>100.0%</b>	<b>653.4</b>	<b>681.4</b>	<b>693.9</b>	<b>-3.7%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				30.0			23.2	20.3	(5.6)			

### Economic classification

<b>Current payments</b>	<b>332.1</b>	<b>355.3</b>	<b>426.5</b>	<b>614.6</b>	<b>22.8%</b>	<b>78.8%</b>	<b>636.6</b>	<b>663.8</b>	<b>675.4</b>	<b>3.2%</b>	<b>92.3%</b>
Compensation of employees	111.9	140.7	172.6	228.2	26.8%	29.8%	277.6	296.7	317.0	11.6%	39.9%
Goods and services	220.2	214.6	253.8	386.4	20.6%	49.0%	359.0	367.1	358.5	-2.5%	52.4%
of which:											
Consultants and professional services:	15.0	21.8	21.9	33.2	30.2%	4.2%	35.9	37.1	20.9	-14.3%	4.5%
Business and advisory services											
Agency and support / outsourced services	0.5	0.0	0.3	0.5	4.2%	0.1%	0.6	0.6	0.6	4.4%	0.1%
Operating leases	78.0	66.1	68.0	136.2	20.4%	15.9%	144.3	151.0	158.2	5.1%	21.0%
Travel and subsistence	24.5	20.7	33.5	43.7	21.3%	5.6%	33.2	23.5	15.5	-29.2%	4.1%
Interest and rent on land	-	-	0.1	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>24.5</b>	<b>17.8</b>	<b>17.0</b>	<b>12.9</b>	<b>-19.3%</b>	<b>3.3%</b>	<b>12.9</b>	<b>13.5</b>	<b>14.2</b>	<b>3.3%</b>	<b>1.9%</b>
Departmental agencies and accounts	0.1	-	-	-	-100.0%	-	-	-	-	-	-
Foreign governments and international organisations	19.1	12.9	12.9	12.9	-12.2%	2.6%	12.9	13.5	14.2	3.3%	1.9%
Non-profit institutions	4.0	4.0	-	-	-100.0%	0.4%	-	-	-	-	-
Households	1.4	0.9	4.1	-	-100.0%	0.3%	-	-	-	-	-

**Table 30.5 Administration**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17	2013/14 - 2016/17
	R million												
<b>Payments for capital assets</b>	<b>4.0</b>	<b>6.6</b>	<b>232.0</b>	<b>149.8</b>	<b>233.9%</b>	<b>17.9%</b>	<b>3.9</b>	<b>4.1</b>	<b>4.3</b>	<b>-69.4%</b>	<b>5.8%</b>		
Buildings and other fixed structures	–	–	220.4	146.0	–	16.7%	–	–	–	-100.0%	5.2%		
Machinery and equipment	3.8	6.5	9.1	3.7	-1.2%	1.1%	3.9	4.1	4.3	5.0%	0.6%		
Software and other intangible assets	0.2	0.0	2.4	0.1	-17.8%	0.1%	–	–	–	-100.0%	–		
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>-34.3%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>		
<b>Total</b>	<b>360.7</b>	<b>379.6</b>	<b>675.6</b>	<b>777.3</b>	<b>29.2%</b>	<b>100.0%</b>	<b>653.4</b>	<b>681.4</b>	<b>693.9</b>	<b>-3.7%</b>	<b>100.0%</b>		
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>10.9%</b>	<b>9.2%</b>	<b>13.7%</b>	<b>14.9%</b>			<b>11.5%</b>	<b>11.4%</b>	<b>10.6%</b>				

**Details of selected transfers and subsidies**

Foreign governments and international organisations											
Current	19.1	12.9	12.9	12.9	-12.2%	2.6%	12.9	13.5	14.2	3.3%	1.9%
Global Environmental Fund	19.1	12.9	12.9	12.9	-12.2%	2.6%	12.9	13.5	14.2	3.3%	1.9%
Non-profit institutions											
Current	4.0	4.0	–	–	-100.0%	0.4%	–	–	–	–	–
World Environmental Wildlife Association	4.0	–	–	–	-100.0%	0.2%	–	–	–	–	–
Wildlife Environmental Society of South Africa	–	4.0	–	–	–	0.2%	–	–	–	–	–

**Personnel information****Table 30.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Administration	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Salary level	642	123	666	172.6	0.3	760	228.2	0.3	760	277.6	0.4	765	296.7	0.4	765	317.0	0.4	0.2%	100.0%
1 – 6	190	110	254	27.2	0.1	295	32.7	0.1	295	42.0	0.1	300	45.9	0.2	300	48.9	0.2	0.6%	39.0%
7 – 10	288	8	264	57.3	0.2	296	82.5	0.3	296	100.9	0.3	296	112.0	0.4	296	119.5	0.4	–	38.8%
11 – 12	104	–	87	44.0	0.5	104	58.1	0.6	104	72.4	0.7	104	75.7	0.7	104	80.6	0.8	–	13.6%
13 – 16	60	5	61	44.2	0.7	65	54.9	0.8	65	62.4	1.0	65	63.1	1.0	65	67.9	1.0	–	8.5%

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

<sup>2</sup> Rand million.

**Expenditure trends**

The spending focus over the medium term will be on supporting the department to achieve its overall objectives by providing office accommodation, corporate and other support services, and facilitating the department's involvement in international relations, engagements and cooperation agreements. For this reason, the bulk of the programme's expenditure is on property related costs in the *Office Accommodation* subprogramme and on compensation of employees, travel related costs, consultants and computer services in the *Corporate Affairs* subprogramme.

The property related costs are for the department's new office building, which increased expenditure on payments for capital assets, computer services and operating leases between 2010/11 and 2013/14 to complete the building and prepare it for occupation in September 2014. Expenditure on operating leases increased due to the government's contribution of R220 million in 2012/13 to the public private partnership programme for the new departmental building. This accounts for the increase in spending in the *Office Accommodation* subprogramme between 2010/11 and 2013/14.

The new office building is to accommodate the department's growing number of personnel following the restructuring in 2011/12. In this programme, personnel numbers are expected to increase from 666 in 2012/13 to 765 in 2016/17, which explains the projected increase in compensation of employees over the medium term.

As part of Cabinet approved budget reductions, the department cut spending in this programme by R12.6 million over the medium term. The reductions are to be effected mostly in spending on travel and

subsistence, which explains the projected decrease over the medium term. To minimise the impact of this reduction on the *Environmental Advisory Services* subprogramme's performance, the department plans to give effect to the cut by reducing the size of delegations sent to international meetings.

## Programme 2: Legal, Authorisations and Compliance

### Objectives

- Improve the level of compliance with environmental legislation by increasing:
  - the number of inspections of authorisations in facilities located in environmentally sensitive areas from 86 in 2013/14 to 115 in 2016/17
  - the number of environmental management inspectors trained from 240 in 2014/15 to 1 060 by 2018/19.
- Ensure that the possible negative impacts of development activities and patterns are minimised, mitigated or managed by increasing the percentage of environmental impact assessment decisions processed within prescribed timeframes from 88 per cent (352) in 2013/14 to 90 per cent (360) in 2016/17.

### Subprogrammes

- *Legal, Authorisations and Compliance Management* provides for the overall administration and functioning of the programme by carrying out its planning and performance management functions. The programme achieved 83 per cent (10/12) of its targets in 2012/13 and 80 per cent (8/10) in the first half of 2013/14. This subprogramme had a staff complement of 5 in 2013/14.
- *Compliance Monitoring* ensures effective compliance with environmental legislation by undertaking compliance inspections on all authorisations issued by the department. In 2012/13, 35 proactive and 53 reactive inspections were carried out. In the first half of 2013/14, 86 authorisations were inspected. This subprogramme had a staff complement of 20 in 2013/14.
- *Integrated Environmental Authorisations* is discussed in more detail below.
- *Enforcement* undertakes criminal and administrative enforcement action in response to non-compliance with environmental impact and pollution legislation, and provides capacity development and support services to the environmental management inspectorate. In the first half of 2013/14, 22 pre-directives/notices and final directives/notices were issued, and 172 officials completed the environmental management inspectorate training course. This subprogramme had a staff complement of 29 in 2013/14.
- *Corporate Legal Support and Litigation* provides quality and timely corporate legal support; litigation management support; and education on legal compliance to ensure that the department complies with legislation relating to its core business. In the first half of 2013/14, all 8 environmental compliance matters relating to the Promotion of Access to Information Act (2000) were dealt with within their timeframes. This subprogramme had a staff complement of 12 in 2013/14.
- *Law Reform and Appeals* processes appeals received in terms of the legislation administered by the department, investigates appeals, sources responses from all parties, conducts research and advises the minister on appeals; coordinates the law reform programme in the department; drives the Commission for Environmental Cooperation's subcommittee on law reform; drafts legislation; comments on draft legislation; and advises on law reform issues. In 2012/13, 87 per cent (89/102) of appeals were processed within timeframes as prescribed in the appeals protocol. A 92 per cent (12/13) success rate was achieved in the first half of 2013/14. In addition, the Green Paper on National Environmental Management of the Oceans was developed and the operational policy for wastewater disposal into the marine environment was updated. This subprogramme had a staff complement of 18 in 2013/14.

## Expenditure estimates

**Table 30.7 Legal, Authorisations and Compliance**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11	2013/14	2014/15	2015/16	2016/17		
R million											
Legal, Authorisations and Compliance Management	3.5	3.3	6.0	6.5	23.1%	5.2%	5.9	6.1	6.3	-0.9%	5.0%
Compliance Monitoring	24.0	29.0	13.6	15.8	-13.0%	22.2%	19.5	20.3	24.8	16.1%	16.1%
Integrated Environmental Authorisations Enforcement	41.2	41.7	52.2	43.1	1.5%	48.1%	50.0	52.2	50.0	5.1%	39.2%
Corporate Legal Support and Litigation	-	-	19.3	26.1	-	12.3%	24.2	26.0	26.5	0.6%	20.6%
Law Reform and Appeals	-	-	13.2	8.2	-	5.8%	8.8	9.3	9.9	6.2%	7.3%
	-	-	10.2	13.6	-	6.4%	14.2	15.1	15.9	5.5%	11.8%
<b>Total</b>	<b>68.7</b>	<b>74.0</b>	<b>114.5</b>	<b>113.3</b>	<b>18.2%</b>	<b>100.0%</b>	<b>122.6</b>	<b>129.0</b>	<b>133.4</b>	<b>5.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(30.0)			(23.2)	(20.3)	5.6		

### Economic classification

<b>Current payments</b>	<b>66.8</b>	<b>70.8</b>	<b>112.3</b>	<b>112.5</b>	<b>19.0%</b>	<b>97.8%</b>	<b>121.7</b>	<b>128.1</b>	<b>132.5</b>	<b>5.6%</b>	<b>99.3%</b>
Compensation of employees	44.0	53.2	71.8	85.5	24.8%	68.7%	90.8	96.9	103.0	6.4%	75.5%
Goods and services	22.8	17.7	40.5	27.0	5.8%	29.1%	30.9	31.2	29.5	3.0%	23.8%
of which:											
Consultants and professional services:	8.3	4.4	6.2	1.4	-44.5%	5.5%	6.2	5.7	2.9	27.5%	3.3%
Business and advisory services											
Agency and support / outsourced services	0.0	-	0.5	0.3	214.5%	0.2%	-	-	-	-100.0%	0.1%
Operating leases	0.3	0.2	-	0.2	-11.2%	0.2%	0.2	0.2	0.2	5.5%	0.2%
Travel and subsistence	7.5	7.7	15.3	11.7	15.7%	11.4%	11.5	11.6	8.8	-9.0%	8.7%
<b>Transfers and subsidies</b>	<b>1.0</b>	<b>2.2</b>	<b>1.7</b>	<b>-</b>	<b>-100.0%</b>	<b>1.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Higher education institutions	1.0	1.0	1.0	-	-100.0%	0.8%	-	-	-	-	-
Non-profit institutions	-	1.3	-	-	-	0.3%	-	-	-	-	-
Households	-	-	0.7	-	-	0.2%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.8</b>	<b>0.9</b>	<b>0.4</b>	<b>0.8</b>	<b>-0.3%</b>	<b>0.8%</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>5.9%</b>	<b>0.7%</b>
Machinery and equipment	0.8	0.9	0.4	0.8	1.8%	0.8%	0.9	0.9	1.0	5.9%	0.7%
Software and other intangible assets	0.1	-	-	-	-100.0%	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-48.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
<b>Total</b>	<b>68.7</b>	<b>74.0</b>	<b>114.5</b>	<b>113.3</b>	<b>18.2%</b>	<b>100.0%</b>	<b>122.6</b>	<b>129.0</b>	<b>133.4</b>	<b>5.6%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	2.1%	1.8%	2.3%	2.2%			2.2%	2.2%	2.0%		

### Details of selected transfers and subsidies

<b>Higher education institutions</b>											
<b>Current</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>-</b>	<b>-100.0%</b>	<b>0.8%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
University of North West	1.0	1.0	1.0	-	-100.0%	0.8%	-	-	-	-	-
<b>Non-profit institutions</b>											
<b>Current</b>	<b>-</b>	<b>1.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
National off-road workshop	-	1.3	-	-	-	0.3%	-	-	-	-	-

## Personnel information

**Table 30.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Legal, Authorisations and Compliance	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Salary level	154	4	158	71.8	0.5	158	85.5	0.5	158	90.8	0.6	158	96.9	0.6	158	103.0	0.7	-	100.0%
1 - 6	15	1	16	2.2	0.1	16	2.4	0.2	16	2.6	0.2	16	2.7	0.2	16	2.9	0.2	-	10.1%
7 - 10	77	2	79	25.0	0.3	79	34.6	0.4	79	36.5	0.5	79	38.7	0.5	79	41.4	0.5	-	50.0%
11 - 12	38	1	39	25.4	0.7	39	27.7	0.7	39	29.5	0.8	39	31.6	0.8	39	33.3	0.9	-	24.7%
13 - 16	24	-	24	19.2	0.8	24	20.8	0.9	24	22.2	0.9	24	23.9	1.0	24	25.4	1.1	-	15.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on enhancing compliance and enforcement efforts to increase industry's voluntary compliance with environmental legislation. This is reflected in the significant expenditure over the medium term in the *Enforcement* and *Compliance Monitoring* subprogrammes, and is supported by the preventative work of the *Integrated Environmental Authorisations* subprogramme, which is discussed in further detail below.

Over the medium term, expenditure in the *Compliance Monitoring* subprogramme is expected to increase as the department plans to conduct more compliance monitoring exercises. The additional exercises will enhance the department's capacity to develop an early warning system and protect the environment. The number of environmental authorisations inspected is expected to increase from current levels of 125 per year to 155 per year by 2016/17. The increase in the number of inspections is a continuation of the trend from previous years, where inspections had increased from 51 in 2010/11. This was supported by an increase in personnel to 158 in 2016/17, which explains the significant increase in expenditure on compensation of employees between 2010/11 and 2013/14. The growth expected in expenditure on compensation of employees over the medium term is due to improved conditions of service. The programme had no vacant posts as at the end of 2013/14.

## Subprogramme: Integrated Environmental Authorisations

This subprogramme ensures that the potentially negative impact of substantial new developments is avoided, reduced or managed; and establishes mechanisms to ensure the effective coordination and integration of environmental impact assessments and other regulatory authorisations.

## Expenditure estimate

**Table 30.9 Integrated Environmental Authorisations**

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Current payments</b>	<b>39.9</b>	<b>39.0</b>	<b>50.5</b>	<b>42.6</b>	<b>2.2%</b>	<b>96.5%</b>	<b>49.5</b>	<b>51.6</b>	<b>49.5</b>	<b>5.1%</b>	<b>99.0%</b>
Compensation of employees	25.7	28.8	32.2	35.5	11.4%	68.6%	37.8	40.1	42.5	6.2%	79.8%
Goods and services	14.2	10.1	18.2	7.1	-20.5%	27.9%	11.8	11.5	7.0	-0.6%	19.2%
of which:											
Consultants and professional services:	7.2	2.9	5.0	0.0	-85.5%	8.5%	4.2	3.6	0.8	232.0%	4.5%
Business and advisory services											
Operating leases	0.2	0.1	-	0.1	-25.4%	0.2%	0.1	0.1	0.1	7.7%	0.2%
Travel and subsistence	3.3	3.8	4.3	3.5	1.8%	8.4%	3.8	3.9	2.0	-16.7%	6.8%
<b>Transfers and subsidies</b>	<b>1.0</b>	<b>2.2</b>	<b>1.7</b>	<b>-</b>	<b>-100.0%</b>	<b>2.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Higher education institutions	1.0	1.0	1.0	-	-100.0%	1.7%	-	-	-	-	-
Non-profit institutions	-	1.3	-	-	-	0.7%	-	-	-	-	-
Households	-	-	0.7	-	-	0.4%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.5</b>	<b>-</b>	<b>0.5</b>	<b>24.5%</b>	<b>0.6%</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>6.2%</b>	<b>1.0%</b>
Machinery and equipment	0.2	0.5	-	0.5	24.5%	0.6%	0.5	0.5	0.5	6.2%	1.0%
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-48.2%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
<b>Total</b>	<b>41.2</b>	<b>41.7</b>	<b>52.2</b>	<b>43.1</b>	<b>1.5%</b>	<b>100.0%</b>	<b>50.0</b>	<b>52.2</b>	<b>50.0</b>	<b>5.1%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>60.0%</b>	<b>56.4%</b>	<b>45.6%</b>	<b>38.0%</b>			<b>40.8%</b>	<b>40.4%</b>	<b>37.5%</b>		

## Personnel information

**Table 30.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost
Integrated Environmental Authorisations	60	3	44	32.2	0.7	58	35.5	0.6	60	37.8	0.6	61	40.1	0.7	61	42.5	0.7	1.7%	100.0%
Salary level																			
1 – 6	4	–	1	0.2	0.2	4	0.8	0.2	4	0.8	0.2	4	0.9	0.2	4	0.9	0.2	–	6.7%
7 – 10	48	2	37	28.3	0.8	45	28.7	0.6	47	30.7	0.7	48	32.7	0.7	48	34.5	0.7	2.2%	78.3%
11 – 12	6	1	5	3.0	0.6	7	4.3	0.6	7	4.5	0.6	7	4.7	0.7	7	5.1	0.7	–	11.7%
13 – 16	2	–	1	0.8	0.8	2	1.7	0.9	2	1.8	0.9	2	1.9	0.9	2	2.0	1.0	–	3.3%

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

2. Rand million.

## Expenditure trends

Expenditure on compensation of employees, travel and subsistence, and on business advisory consultants increased between 2010/11 and 2013/14. This was due to the department's efforts to fully capacitate this subprogramme's workforce to increase the number of environmental impact management applications processed. 340 applications were processed in 2010/11, whereas 352 were processed in 2013/14, and the number of inspections of environmental authorisations facilities increased from 51 to 85 over the same period. As a result of the department's efforts, only 5 posts were vacant at the end of November 2013 and these are in the process of being filled.

Expenditure on consultants, who are mainly used to conduct specialised inspections of facilities and to provide legal services, is set to increase in the first two years of the medium term as a result of the shortage of critical skills. However, as the subprogramme develops adequate capacity to deal with these specialised tasks, spending on consultants is expected to decrease in 2016/17.

Over the medium term, as reflected under spending on personnel and travel and subsistence, the spending focus will continue to be on ensuring that the negative impact of development activities are minimised, mitigated or managed, by increasing the percentage of environmental impact assessment decisions processed within the prescribed time from 60 per cent in 2013/14 to 90 per cent in 2016/17.

## Programme 3: Oceans and Coasts

### Objectives

- Ensure effective management of the ocean and coastal environment by:
  - finalising the Ocean Management White Paper by 2015/16
  - ensuring response preparedness for oil spills along the South African coast through a review of 14 of the 25 oil pollution response plans by 2015/16.
- Strengthen the national science programmes for integrated ocean and coastal management by:
  - conducting research annually to determine baseline information for biodiversity species and priority habitats within South Africa's exclusive economic zone and associated large marine ecosystems
  - supporting bio-discovery and assessing marine protected areas through cataloguing new or unknown species, with an emphasis on benthic invertebrate species, on an ongoing basis.
- Improve the conservation status of marine top predator populations, especially seals and the 12 South African seabird species, by:
  - annually monitoring and researching their behaviour for baseline information
  - providing appropriate management advice based on population numbers as required.

## Subprogrammes

- *Oceans and Coasts Management* provides for the administration and coordination of the overall programme activities. This entails strategic planning, team building, coaching and training. In the first half of 2013/14, 90 per cent (18/20) of set milestones for the programme were achieved as a result of effective planning and performance management by the subprogramme. Over the medium term, the focus will be on developing partnerships with academic institutions and research bodies as well as with international partners to facilitate skills transfers. This subprogramme had a staff complement of 5 in 2013/14.
- *Integrated Coastal Management* provides for the coordinated and integrated management of the coastal environment. This entails implementing measures to advance the protection of coastal ecosystems and species, in particular the management of marine protected areas and the development of estuary management plans, as well as those meant to control and reduce the pollution of coastal waters from land based sources and oil spills. In 2012/13, 2 additional local oil pollution emergency response plans were updated from a baseline of 6 of 25. In the first half of 2013/14, a consultation process to review an additional local oil pollution emergency response plan was convened. This subprogramme had a staff complement of 36 in 2013/14.
- *Oceans and Coastal Research* monitors and undertakes scientific investigations on marine and coastal ecosystems, ocean dynamics, ecosystem functioning and marine biodiversity, to improve the understanding and management of ocean and coastal ecosystems. In 2012/13, 8 research projects on marine top predators and 2 baseline assessments/surveys of the ocean and coastal biodiversity were completed at the Betty's Bay and Robberg marine protected areas. In the first half of 2013/14, 3 surveys of priority habitats, seabird population estimates for 12 species around South Africa and a coastal research project were completed. This subprogramme had a staff complement of 57 in 2013/14.
- *Oceans Conservation* provides for the management and conservation of oceans, and sub-Antarctic and Antarctic ocean environments; the development and implementation of ocean policy; ocean atmosphere information coordination; the management of ocean ecosystems; and the management of regional and international oceans obligations. This includes the 3 annual research voyages undertaken to Antarctica and the Prince Edward Islands. A draft white paper on ocean management was developed in the first half of 2013/14. This subprogramme had a staff complement of 68 in 2013/14.
- *Specialist Monitoring Services* provides leadership in specialist monitoring strategies for oceans and coasts, through coordination with sector departments and regional and international programmes and forums. This entails managing and coordinating national programmes and large regional and international marine ecosystem programmes. The national oceans and coasts spatial plan framework was finalised in September 2013. Over the medium term, national spatial planning strategies and tools, such as the oceans and coasts information management system, will be developed. This subprogramme had a staff complement of 4 in 2013/14.

## Expenditure estimates

**Table 30.11 Oceans and Coasts**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Oceans and Coasts Management	15.4	32.8	14.9	6.8	-23.9%	3.0%	7.5	7.9	8.3	6.9%	2.0%
Integrated Coastal Management	47.3	29.0	41.0	34.1	-10.3%	6.4%	48.9	85.0	89.1	37.7%	16.6%
Oceans and Coastal Research	49.5	57.1	117.1	110.8	30.8%	14.2%	113.0	118.5	125.0	4.1%	30.2%
Oceans Conservation	532.1	757.4	351.6	161.5	-32.8%	76.3%	182.8	207.2	219.6	10.8%	49.8%
Specialist Monitoring Services	-	-	-	5.0	-	0.2%	5.3	6.0	6.3	7.5%	1.5%
<b>Total</b>	<b>644.3</b>	<b>876.3</b>	<b>524.6</b>	<b>318.2</b>	<b>-21.0%</b>	<b>100.0%</b>	<b>357.4</b>	<b>424.6</b>	<b>448.3</b>	<b>12.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				8.4			(31.0)	-	-		

Table 30.11 Oceans and Coasts

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Current payments</b>	<b>254.0</b>	<b>224.5</b>	<b>287.0</b>	<b>305.7</b>	<b>6.4%</b>	<b>45.3%</b>	<b>344.2</b>	<b>410.8</b>	<b>433.7</b>	<b>12.4%</b>	<b>96.5%</b>
Compensation of employees	66.1	68.5	68.2	76.1	4.8%	11.8%	82.1	88.3	98.1	8.8%	22.3%
Goods and services	187.9	155.9	218.8	229.6	6.9%	33.5%	262.2	322.5	335.6	13.5%	74.3%
of which:											
Consultants and professional services:	75.0	61.2	11.7	0.6	-79.7%	6.3%	0.7	75.0	77.3	396.8%	9.9%
Business and advisory services											
Agency and support / outsourced services	41.4	7.5	49.4	141.6	50.7%	10.2%	177.5	169.8	178.5	8.0%	43.1%
Operating leases	0.0	0.4	0.1	0.5	219.1%	-	0.5	0.6	0.6	8.9%	0.1%
Travel and subsistence	2.8	10.6	11.7	13.9	70.2%	1.6%	14.4	14.0	14.7	1.9%	3.7%
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.7</b>	<b>1.9</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Households	0.0	0.7	1.9	-	-100.0%	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>390.2</b>	<b>651.2</b>	<b>235.7</b>	<b>12.5</b>	<b>-68.3%</b>	<b>54.6%</b>	<b>13.2</b>	<b>13.8</b>	<b>14.5</b>	<b>5.2%</b>	<b>3.5%</b>
Buildings and other fixed structures	390.2	642.0	-	-	-100.0%	43.7%	-	-	-	-	-
Machinery and equipment	-	9.2	235.4	12.5	-	10.9%	13.2	13.8	14.5	5.2%	3.5%
Software and other intangible assets	-	0.0	0.2	-	-	-	-	-	-	-	-
<b>Total</b>	<b>644.3</b>	<b>876.3</b>	<b>524.6</b>	<b>318.2</b>	<b>-21.0%</b>	<b>100.0%</b>	<b>357.4</b>	<b>424.6</b>	<b>448.3</b>	<b>12.1%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>19.5%</b>	<b>21.2%</b>	<b>10.6%</b>	<b>6.1%</b>			<b>6.3%</b>	<b>7.1%</b>	<b>6.8%</b>		

## Personnel information

Table 30.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost
<b>Oceans and Coasts</b>			<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>		
<b>Salary level</b>	<b>145</b>	<b>48</b>	<b>171</b>	<b>68.2</b>	<b>0.4</b>	<b>181</b>	<b>76.1</b>	<b>0.4</b>	<b>182</b>	<b>82.1</b>	<b>0.5</b>	<b>184</b>	<b>88.3</b>	<b>0.5</b>	<b>193</b>	<b>98.1</b>	<b>0.5</b>	<b>2.2%</b>	<b>100.0%</b>
1 – 6	25	17	39	7.3	0.2	42	8.4	0.2	42	8.9	0.2	42	9.8	0.2	42	10.4	0.2	-	22.7%
7 – 10	72	25	82	26.7	0.3	86	29.6	0.3	86	31.5	0.4	88	34.2	0.4	97	40.4	0.4	4.1%	48.2%
11 – 12	32	6	36	22.1	0.6	38	24.6	0.6	38	26.3	0.7	38	27.9	0.7	38	29.7	0.8	-	20.5%
13 – 16	16	-	14	12.1	0.9	15	13.5	0.9	16	15.3	1.0	16	16.5	1.0	16	17.6	1.1	2.2%	8.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on enhancing the economic potential of the marine system by increasing the amount of South Africa's coastline and exclusive economic zones under protection, and by improving the management of protected marine species. This is reflected in the significant proportions of the budget allocated to the *Integrated Coastal Management, Oceans and Coastal Research* and *Oceans Conservation* subprogrammes.

Over the medium term, expenditure increases projected in the *Oceans Conservations* subprogramme are a result of the increased cost of operating and manning the SA Agulhas II polar and the Algoa research vessels. Fuel and oil costs are the primary reasons for this. In addition, as the department depends on external service providers to man the vessels and accompany the SA Agulhas II by helicopter to the islands and Antarctica, spending on agency, support and outsourced services is expected to increase over the medium term. Consultants are also used to undertake specialised research on climate and weather pattern changes and biodiversity research. As part of Cabinet approved budget reductions, allocations for outsourced services are reduced by R31 million over the medium term. The adverse effects of this reduction are to be offset by renegotiating favourable terms with service providers.

The programme had a funded establishment of 145 posts and 48 posts additional to the establishment at the end of November 2013, with 12 posts vacant, mostly due to natural attrition. The number of personnel in this

programme is expected to increase by 12 to 193 by 2016/17, and is reflected in increases in compensation of employees in the *Integrated Coastal Management* programme. The increase in personnel numbers is mainly due to the filling of critical vacant researchers' posts, and the provision of additional capacity for the missions to the Gough, Marion and Antarctica islands. The annual research voyages contribute to the departmental goals of development and implementation of ocean policy, coordination of ocean atmosphere information, management of ocean ecosystems, and regional and international obligations in relation to oceans.

## Programme 4: Climate Change and Air Quality

### Objectives

- Ensure an effective response to the impacts of climate change by building adaptive capacity, socioeconomic resilience and emergency response capacity by 2015/16.
- Contribute to the global effort to stabilise greenhouse gas concentrations in the atmosphere by:
  - making recommendations on aligning 4 climate change sectoral policies and plans by 2015/16
  - finalising 3 sector mitigation plans by 2015/16.
- Enable South Africa to meet its national and international obligations by developing a national monitoring and evaluation system for climate change by 2015/16.
- Ensure the continuous improvement of ambient air quality throughout the country by implementing air quality management plans in priority area hotspots and providing legislative support and leadership to provincial and local authorities performing air quality management functions over the MTEF period.

### Subprogrammes

- *Climate Change Management* provides for the overall management and administration of the programme by ensuring the strategic management and coordination of programme activities. The programme achieved 74 per cent of its targets in 2012/13 and 59 per cent in the first half of 2013/14. This subprogramme had a staff complement of 6 in 2013/14.
- *Climate Change Mitigation* coordinates and informs the development of national climate change response plans for key sectors concerned with climate change mitigation. This entails implementing a participatory process to set desired outcomes in emission reduction for each sector and subsector of the economy; developing climate change mitigation measures, including carbon budgeting; and conducting regulatory reviews and audits. Most projects related to climate change adaptation and mitigation in this subprogramme's performance plan are funded through Gesellschaft für Internationale Zusammenarbeit, a German donor funder. In 2012/13, the mapping of existing research, planning, and modelling processes was concluded, and a carbon budgets/tax report was produced. In the first half of 2013/14, 4 sector mitigation and impact studies were conducted. This subprogramme had a staff complement of 7 in 2013/14.
- *Climate Change Adaptation* leads, supports, informs, monitors and reports on efficient and effective national, provincial and local climate change adaptation responses. Most projects related to climate change adaptation and mitigation in this subprogramme's performance plan are funded through Gesellschaft für Internationale Zusammenarbeit. In 2012/13, a review was conducted on 16 plans within the agriculture, fisheries and forestry, water, and disaster management sectors. In 2013/14, sector stakeholders (health and marine public and private sectors, government departments, non-governmental organisations, and academic institutions) were consulted about the impact scenarios and adaptation responses for the human health and marine sectors. This subprogramme had a staff complement of 3 in 2013/14.
- *Air Quality Management* ensures that the possible negative impacts of air pollution on air and atmospheric quality are avoided, mitigated or managed, with a view to ensuring ambient air quality that is not harmful to health and wellbeing. This entails providing national leadership, oversight and monitoring, and setting norms and standards, as well as building capacity in local government on air quality issues. The draft vehicle emissions strategy, which was developed in 2012/13, was processed for Cabinet approval in 2013/14, and the Vaal and Highveld air quality management plans are being implemented. This subprogramme had a staff complement of 36 in 2013/14.

- *South African Weather Service* makes transfer payments to the South African Weather Service for managing meteorological services. In 2013/14, R162.9 million was transferred to the organisation in quarterly tranches. The accuracy of severe weather warnings was 98.8 per cent in 2012/13 and 99.3 per cent in the first half of 2013/14.
- *International Climate Change Relations and Negotiations* is the focal point for South Africa's international climate change interactions, including multilateral and bilateral engagements. This entails preparing for, negotiating and informing the implementation of multilateral, mini-lateral and bilateral climate change agreements. Contractual agreements for the development of the third national communication to the 19th conference of the parties to the United Nations Framework Convention on Climate Change (COP 19) were established and the department's participation in COP 19 in Warsaw, Poland, was coordinated in 2013/14. This subprogramme had a staff complement of 6 in 2013/14.
- *Climate Change Monitoring and Evaluation* monitors and evaluates national climate change responses. This entails gathering, synthesising, analysing, storing, and distributing complete, accurate and current climate change and climate change response data and information, to ensure informed climate change response decision making. All projects in this subprogramme's performance plan are supported through donor funding from Gesellschaft für Internationale Zusammenarbeit. In 2012/13, information for the 2014 biennial update report was scoped and the terms of reference for the compilation of the report were developed. A draft climate change monitoring and evaluation system was developed in the first half of 2013/14. This subprogramme had a staff complement of 10 in 2013/14.

## Expenditure estimates

**Table 30.13 Climate Change and Air Quality**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Climate Change Management	5.6	128.0	5.8	6.3	4.2%	15.5%	6.8	7.2	7.6	6.4%	2.9%
Climate Change Mitigation	3.3	5.1	6.7	7.6	32.3%	2.4%	7.8	8.2	8.7	4.2%	3.3%
Climate Change Adaptation	2.9	4.1	2.9	3.9	10.3%	1.5%	4.3	4.5	4.8	7.1%	1.8%
Air Quality Management	25.8	33.9	28.9	36.5	12.3%	13.4%	37.6	39.8	42.5	5.2%	16.0%
South African Weather Service	148.6	138.2	150.6	162.9	3.1%	64.1%	152.5	160.4	190.0	5.3%	68.2%
International Climate Change Relations and Negotiations	-	-	9.6	9.1	-	2.0%	9.5	10.4	11.0	6.4%	4.1%
Climate Change Monitoring and Evaluation	-	-	3.0	7.4	-	1.1%	9.3	9.6	10.0	10.8%	3.7%
<b>Total</b>	<b>186.2</b>	<b>309.3</b>	<b>207.5</b>	<b>233.8</b>	<b>7.9%</b>	<b>100.0%</b>	<b>227.7</b>	<b>240.1</b>	<b>274.6</b>	<b>5.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			(20.0)	(20.0)	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>35.6</b>	<b>169.2</b>	<b>54.8</b>	<b>69.3</b>	<b>24.8%</b>	<b>35.1%</b>	<b>72.8</b>	<b>77.2</b>	<b>82.0</b>	<b>5.7%</b>	<b>30.9%</b>
Compensation of employees	18.0	30.8	32.6	43.4	34.2%	13.3%	48.1	51.5	54.6	7.9%	20.2%
Goods and services	17.6	138.4	22.2	25.9	13.6%	21.8%	24.7	25.7	27.4	1.9%	10.6%
of which:											
Consultants and professional services:	2.2	117.8	5.0	0.2	-53.7%	13.4%	1.0	1.2	1.1	71.2%	0.4%
Business and advisory services											
Agency and support / outsourced services	0.3	-	0.1	0.4	9.5%	0.1%	0.4	0.4	0.5	6.6%	0.2%
Operating leases	0.1	0.1	0.0	0.1	-	-	0.1	0.2	0.2	20.7%	0.1%
Travel and subsistence	9.7	12.0	12.0	7.9	-6.7%	4.4%	7.0	6.9	7.0	-4.0%	2.9%

Table 30.13 Climate Change and Air Quality

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Transfers and subsidies</b>	<b>150.0</b>	<b>139.6</b>	<b>152.2</b>	<b>164.3</b>	<b>3.1%</b>	<b>64.7%</b>	<b>153.9</b>	<b>161.8</b>	<b>191.5</b>	<b>5.2%</b>	<b>68.8%</b>	
Departmental agencies and accounts	148.6	138.2	150.6	162.9	3.1%	64.1%	152.5	160.4	190.0	5.3%	68.2%	
Non-profit institutions	1.4	1.4	1.5	1.4	-	0.6%	1.4	1.4	1.5	1.7%	0.6%	
Households	-	0.0	0.1	-	-	-	-	-	-	-	-	
<b>Payments for capital assets</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.2</b>	<b>-33.3%</b>	<b>0.2%</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>98.4%</b>	<b>0.4%</b>	
Machinery and equipment	0.4	0.5	0.5	0.2	-28.8%	0.2%	1.0	1.1	1.2	98.4%	0.4%	
Software and other intangible assets	0.1	-	-	-	-100.0%	-	-	-	-	-	-	
<b>Total</b>	<b>186.2</b>	<b>309.3</b>	<b>207.5</b>	<b>233.8</b>	<b>7.9%</b>	<b>100.0%</b>	<b>227.7</b>	<b>240.1</b>	<b>274.6</b>	<b>5.5%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>5.6%</b>	<b>7.5%</b>	<b>4.2%</b>	<b>4.5%</b>			<b>4.0%</b>	<b>4.0%</b>	<b>4.2%</b>			

## Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	Average growth rate (%)	Expenditure/total: Average (%)
South African Weather Service	148.6	138.2	150.6	162.9	3.1%	64.1%	152.5	160.4	190.0	5.3%	68.2%
Non-profit institutions											
Current	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	Average growth rate (%)	Expenditure/total: Average (%)
National Association for Clean Air	1.4	1.4	1.4	1.4	-	0.6%	1.4	1.4	1.5	1.7%	0.6%
South African Climate Action Network	-	-	0.1	-	-	-	-	-	-	-	-

## Personnel information

Table 30.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Climate Change and Air Quality	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Salary level	74	1	59	32.6	0.6	72	43.4	0.6	74	48.1	0.7	75	51.5	0.7	75	54.6	0.7	1.4%	100.0%
1-6	8	-	4	0.6	0.1	8	1.2	0.1	8	1.2	0.2	8	1.3	0.2	8	1.4	0.2	-	10.8%
7-10	27	-	22	6.9	0.3	24	7.5	0.3	26	9.5	0.4	27	10.6	0.4	27	11.2	0.4	4.0%	35.1%
11-12	16	1	13	8.2	0.6	17	11.5	0.7	17	12.0	0.7	17	12.8	0.8	17	13.5	0.8	-	23.0%
13-16	23	-	20	17.0	0.8	23	23.3	1.0	23	25.3	1.1	23	26.9	1.2	23	28.5	1.2	-	31.1%

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

2. Rand million.

## Expenditure trends

Over the seven-year period, transfer payments to the South African Weather Service are the largest item of expenditure. The transfer increased significantly between 2010/11 and 2013/14 as the number of air quality monitoring stations reporting to the South African air quality information system increased from 39 to 70. This is expected to result in more accurate weather forecasting, which, along with improving air quality, is one of the department's strategic objectives. It will also enable better decision making, policy alignment and implementation of the strategy, as reflected in the gradual increase in compensation of employees between 2010/11 and 2013/14. To give effect to Cabinet approved budget reductions, the department has reduced the transfer by R40 million over the medium term. However, this will have a minimal effect on service delivery as the organisation will be able to raise revenue to compensate for the cuts.

To support the objectives of improving air quality and providing more accurate weather forecasts, the department expects to increase the programme's personnel capacity to 75 in 2016/17 to provide additional capacity for the South African air quality information system project. The project aims to ensure that air quality information management and reporting requirements directed by the National Environmental Management: Air Quality and Atmospheric Act (2004) are efficiently and effectively met, and to fund the South Africa Weather Service's procurement of a high processing computer over the medium term. This explains the significant

increase in spending on capital assets, goods and services, and the slight increase in expenditure on compensation of employees over the medium term.

## Programme 5: Biodiversity and Conservation

### Objectives

- Improve conservation and biodiversity through the safeguarding of ecosystems, species and genetic diversity, and the minimising of threats to ecological sustainability, by increasing the percentage of land under conservation from 7.7 per cent in 2012/13 to 9.5 per cent in 2016/17.
- Promote and enhance livelihoods through access to, and fair and equitable sharing of, benefits arising from the use of biological resources, by developing a system for transformation of the biodiversity sector by 2016/17.

### Subprogrammes

- *Biodiversity and Conservation Management* provides for the overall administration of the programme. This subprogramme includes the wildlife information management unit, which facilitates wildlife security and monitors and reports on wildlife crimes. In 2012/13, 22 of the planned key activities outlined in the national strategy for the safety and security of the rhinoceros population were implemented. In the first half of 2013/14, agreements on cooperation in ensuring the endangered animal's safety and security with Thailand, Cambodia and Mozambique were developed and negotiated, and are currently awaiting finalisation. This subprogramme had a staff complement of 12 in 2013/14.
- *Biodiversity Planning and Management* manages, protects and conserves the country's biological resources and ecosystems for human wellbeing and sustainable development; and develops and implements programmes and processes aimed at the protection and mitigation of threats to biodiversity at the species and ecosystem levels. This entails developing, coordinating and implementing policies and decision support tools for conservation planning and biodiversity management. In 2012/13, the mining and biodiversity guideline was finalised and published, and risk assessment guidelines for alien and invasive species were developed. In 2013/14, the minimum requirements for biodiversity in land use planning and integrated environmental management were drafted. This subprogramme had a staff complement of 24 in 2013/14.
- *Protected Areas Systems Management* oversees the establishment and maintenance of comprehensive, effectively managed and ecologically representative national and cross border systems of protected areas. This entails ensuring the effective management of transfrontier conservation areas; developing and overseeing the implementation of protected area policies and legislation; and ensuring compliance with and enforcement of protected area legislation, while promoting the participation and beneficiation of local communities in the establishment, development and management of protected areas. In 2012/13, management plans for De Mond Nature Reserve, Seekoeivlei Nature Reserve, Langebaan Lagoon, uKhahlamba Drakensberg Park and De Hoop Nature Reserve were completed. In 2013/14, 5 management plans were evaluated. This subprogramme had a staff complement of 40 in 2013/14.
- *iSimangaliso Wetland Park Authority* transfers funds to the iSimangaliso Wetland Park Authority, which protects, conserves and promotes the park. This subprogramme's total budget is transferred monthly to the authority. In 2012/13, 10 per cent of the park's former commercial forestry and other incompatible land use areas were rehabilitated. In 2013/14, 47 pre-site inspections were completed and 20 contractors were appointed regarding rehabilitation of degraded habitats and ecosystems.
- *South African National Parks* transfers funds to South African National Parks, which conserves, protects, controls and manages national parks and other defined protected areas and their biological diversity. This subprogramme's total budget is transferred monthly to the authority. The total number of visitors to the parks grew by 5 per cent from 4 705 306 in 2012/13 to 4 941 697 in 2013/14.
- *South African National Biodiversity Institute* transfers funds to the South African National Biodiversity Institute, which implements strategic activities as identified in the National Environmental Management: Biodiversity Act (2004), with a specific focus on biodiversity research and knowledge management in support of South Africa's biodiversity. This subprogramme's total budget is transferred monthly to the

authority. In 2012/13, 30 publications were reviewed at the institute and in 2013/14, 33 publications were produced. The publications focused on trends, risks and benefits associated with emerging invasive, threatened species and the sustainable use of biological resources.

- *Biodiversity Monitoring and Evaluation* is responsible for sector wide biodiversity monitoring and evaluation, and coordinating biodiversity related multilateral environmental agreements through the management of the science policy interface. In 2012/13, the fifth national report to the Convention on Biological Diversity was compiled. In 2013/14, the international expert and stakeholder workshop on the conceptual framework for the intergovernmental science policy platform on biodiversity and ecosystem services was hosted. This subprogramme had a staff complement of 3 in 2013/14.
- *Biodiversity Economy and Sustainable Use* promotes and regulates sustainable use as well as the fair and equitable sharing of benefits arising from the use of biological resources; and facilitates the growth of a nature-based bio diversified economy through appropriate policies, legislation and programmes. In 2012/13, 2 agreements on bio prospecting access and benefit sharing were issued. In 2013/14, 4 permit applications were received and assessed. This subprogramme had a staff complement of 7 in 2013/14.

## Expenditure estimates

**Table 30.15 Biodiversity and Conservation**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Biodiversity and Conservation Management	7.1	4.9	7.1	15.4	29.5%	1.7%	14.8	17.0	17.9	5.3%	2.5%
Biodiversity Planning and Management	25.9	33.8	42.9	23.6	-3.1%	6.1%	24.7	26.0	27.2	4.9%	3.9%
Protected Areas Systems Management	29.6	24.6	40.8	43.6	13.7%	6.7%	45.9	47.8	50.0	4.7%	7.3%
iSimangaliso Wetland Park Authority	21.4	25.8	27.0	28.8	10.5%	5.0%	30.6	32.1	33.8	5.5%	4.9%
South African National Parks	210.8	185.0	256.2	237.4	4.0%	43.0%	274.1	286.7	287.9	6.6%	42.2%
South African National Biodiversity Institute	147.8	205.4	194.4	208.7	12.2%	36.6%	226.2	237.2	249.8	6.2%	35.8%
Biodiversity Monitoring and Evaluation	-	-	-	4.6	-	0.2%	5.8	6.2	6.5	12.5%	0.9%
Biodiversity Economy and Sustainable Use	-	-	-	14.8	-	0.7%	14.7	16.6	18.8	8.4%	2.5%
<b>Total</b>	<b>442.6</b>	<b>479.5</b>	<b>568.4</b>	<b>576.7</b>	<b>9.2%</b>	<b>100.0%</b>	<b>636.8</b>	<b>669.6</b>	<b>692.0</b>	<b>6.3%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				17.3			37.9	34.1	22.0		
<b>Economic classification</b>											
<b>Current payments</b>	<b>55.6</b>	<b>58.4</b>	<b>88.0</b>	<b>101.2</b>	<b>22.1%</b>	<b>14.7%</b>	<b>103.4</b>	<b>111.2</b>	<b>117.9</b>	<b>5.2%</b>	<b>16.8%</b>
Compensation of employees	29.9	34.8	42.7	54.5	22.1%	7.8%	58.2	62.3	66.3	6.8%	9.4%
Goods and services	25.7	23.5	45.4	46.7	22.1%	6.8%	45.3	48.9	51.6	3.3%	7.5%
of which:											
Consultants and professional services:	5.1	2.0	13.7	14.8	42.9%	1.7%	12.7	15.5	17.2	5.2%	2.3%
Business and advisory services	-	0.0	-	(1.0)	-	-	1.6	2.4	2.5	-235.0%	0.2%
Agency and support / outsourced services	0.2	0.1	-	0.4	26.4%	-	0.5	0.5	0.5	5.5%	0.1%
Operating leases	12.7	11.7	19.8	21.5	19.1%	3.2%	18.6	18.1	18.5	-4.9%	3.0%
Travel and subsistence											
<b>Transfers and subsidies</b>	<b>386.3</b>	<b>420.4</b>	<b>479.0</b>	<b>474.9</b>	<b>7.1%</b>	<b>85.2%</b>	<b>532.7</b>	<b>557.8</b>	<b>573.3</b>	<b>6.5%</b>	<b>83.1%</b>
Departmental agencies and accounts	380.0	416.2	477.7	474.9	7.7%	84.6%	530.9	556.0	571.5	6.4%	82.8%
Non-profit institutions	6.1	4.2	1.3	-	-100.0%	0.6%	1.8	1.8	1.8	-	0.2%
Households	0.2	-	0.0	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.5</b>	<b>0.8</b>	<b>1.4</b>	<b>0.6</b>	<b>3.0%</b>	<b>0.2%</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>7.1%</b>	<b>0.1%</b>
Machinery and equipment	0.5	0.8	1.4	0.6	6.2%	0.2%	0.7	0.7	0.7	7.1%	0.1%
<b>Payments for financial assets</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>442.6</b>	<b>479.5</b>	<b>568.4</b>	<b>576.7</b>	<b>9.2%</b>	<b>100.0%</b>	<b>636.8</b>	<b>669.6</b>	<b>692.0</b>	<b>6.3%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>13.4%</b>	<b>11.6%</b>	<b>11.5%</b>	<b>11.1%</b>			<b>11.2%</b>	<b>11.2%</b>	<b>10.5%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>345.8</b>	<b>397.1</b>	<b>450.3</b>	<b>446.6</b>	<b>8.9%</b>	<b>79.3%</b>	<b>500.9</b>	<b>524.6</b>	<b>538.5</b>	<b>6.4%</b>	<b>78.1%</b>
iSimangaliso Wetland Park Authority	21.4	25.8	27.0	28.8	10.5%	5.0%	30.6	32.1	33.8	5.5%	4.9%
South African National Parks	176.6	165.8	228.9	209.1	5.8%	37.8%	244.1	255.3	254.9	6.8%	37.4%

**Table 30.15 Biodiversity and Conservation**

Details of selected transfers and subsidies											
R million	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
South African National Biodiversity Institute	147.8	205.4	194.4	208.7	12.2%	36.6%	226.2	237.2	249.8	6.2%	35.8%
<b>Capital</b>	<b>34.3</b>	<b>19.1</b>	<b>27.4</b>	<b>28.3</b>	<b>-6.2%</b>	<b>5.3%</b>	<b>30.0</b>	<b>31.4</b>	<b>33.0</b>	<b>5.3%</b>	<b>4.8%</b>
South African National Parks	34.3	19.1	27.4	28.3	-6.2%	5.3%	30.0	31.4	33.0	5.3%	4.8%
<b>Non-profit institutions</b>											
<b>Current</b>	<b>6.1</b>	<b>4.2</b>	<b>1.3</b>	<b>-</b>	<b>-100.0%</b>	<b>0.6%</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>-</b>	<b>0.2%</b>
KwaZulu-Natal Conservation Board	1.1	1.2	-	-	-100.0%	0.1%	1.3	1.3	1.3	-	0.1%
African World Heritage Fund	5.0	3.0	-	-	-100.0%	0.4%	0.5	0.5	0.5	-	0.1%
Transfer Non Profit Institute	-	-	1.3	-	-	0.1%	-	-	-	-	-

## Personnel information

**Table 30.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
Biodiversity and Conservation		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	103	7	90	42.7	0.5	108	54.5	0.5	108	58.2	0.5	109	62.3	0.6	110	66.3	0.6	0.6%	100.0%
1 - 6	11	-	10	2.4	0.2	11	2.7	0.2	11	2.9	0.3	11	3.1	0.3	11	3.3	0.3	-	10.1%
7 - 10	52	6	47	14.8	0.3	56	19.2	0.3	56	19.9	0.4	57	21.7	0.4	58	24.2	0.4	1.2%	52.2%
11 - 12	23	-	17	10.9	0.6	23	15.3	0.7	23	17.3	0.8	23	18.0	0.8	23	19.2	0.8	-	21.1%
13 - 16	17	1	16	14.6	0.9	18	17.3	1.0	18	18.0	1.0	18	19.5	1.1	18	19.6	1.1	-	16.6%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on improving conservation and biodiversity through safeguarding ecosystems, minimising threats to ecological sustainability, and expanding conservation and protected areas for future generations. To this end, the programme makes transfer payments to departmental agencies, including the South African National Parks, the South African National Biodiversity Institute and the iSimangaliso Wetlands Park Authority. These transfer payments are the largest item of expenditure over the seven-year period and account for over 80 per cent of allocations annually.

The significant growth in spending between 2010/11 and 2013/14 contributed to: an increased percentage of land under conservation, from 7 441 463ha (6.1 per cent) to 9 027 348ha (7.9 per cent); better maintained infrastructure and facilities by all entities; and increased capacity, especially that of SANParks, to combat rhino poaching and other related wildlife crimes.

The programme had a funded establishment of 103 posts and 7 posts additional to the establishment. As a result of natural attrition and difficulties experienced in sourcing personnel with the appropriate skills, there were 2 vacant posts at the end of November 2013. The number of personnel in the programme is expected to increase from 90 in 2012/13 to 110 by 2016/17, as critical vacant posts are expected to be filled. In addition to the effect of a projected increase in personnel, expenditure on compensation of employees over the same period is projected to grow due to improved conditions of service.

Spending on consultants is expected to increase over the medium term. Consultants in this subprogramme are used to assist with the development of policies on biodiversity and conservation in accordance with the National Environmental Management: Biodiversity Act (2004), as well as to conduct research in those areas in which the department is currently lacking the requisite skills.

## Programme 6: Environmental Programmes

### Objectives

- Promote the empowerment of designated communities by creating 377 361 work opportunities and 195 115 full time equivalents in environmental projects through the implementation of expanded public works programme projects over the MTEF period.
- Restore and maintain vegetation structure and function to contribute to ecosystem services by:
  - clearing or treating 877 030 hectares of invasive alien plants each year
  - restoring and rehabilitating 169 940 hectares of land over the MTEF period.
- Facilitate the transition to a growth path that is low in carbon and is natural resource efficient by facilitating the implementation of green initiative projects over the medium term.

### Subprogrammes

- *Environmental Protection and Infrastructure Programme* identifies, plans and implements projects under the expanded public works programme through the use of labour intensive methods targeting the unemployed, youth, women and people with disabilities; and empowers small, medium and micro enterprises during project implementation processes. In 2012/13, 99 548 work opportunities were created, while 13 613 were created in the first half of 2013/14. This subprogramme had a staff complement of 84 in 2013/14.
- *Working for Water* and *Working on Fire* ensures that South Africa addresses its responsibilities relating to water resource management, biological diversity and the functioning of natural systems; and ensures that meaningful livelihood opportunities are supported for those employed on these programmes. The Working for Wetlands programme, which is responsible for the rehabilitation, protection and sustainable use of wetlands, and the Working for Land programme, which addresses the rehabilitation and restoration of degraded land, are where this subprogramme's activities are focused. Working on Fire employs and trains young men and women from marginalised communities to be skilled, wild land fire fighters, in order to reduce the personal and economic harm caused by unwanted wildfire. In 2012/13, 107 wetlands were rehabilitated and 2 682 km of coastline was cleaned. In the first half of 2013/14, 76 wetlands were under rehabilitation and 2 203 km of coastline was cleaned. This subprogramme had a staff complement of 300 in 2013/14.
- *Green Fund* invests in projects to protect the environment by working with the donor community and the private sector. The Development Bank of Southern Africa has been appointed as the implementing agent of the fund. In 2013/14, 22 projects were approved for implementation.
- *Environmental Programmes Management* contributes to sustainable development and livelihoods, and green and inclusive economic growth. This includes facilitating skills development, creating employment, managing natural resources and developing infrastructure. 64 698 accredited training person days were created in 2013/14. This subprogramme had a staff complement of 6 in 2013/14.
- *Information Management and Sector Coordination* aims to provide effective and efficient support to environmental programmes to stimulate the potential for economic growth in the environment sector, and to maximise the sustainable utilisation of environmental resources. The main achievements for the subprogramme included the development of a new online performance management system in 2012/13 and the development of a framework for the knowledge management strategy in 2013/14. This subprogramme had a staff complement of 23 in 2013/14.

## Expenditure estimates

Table 30.17 Environmental Programmes

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Environmental Protection and Infrastructure Programme	679.0	869.3	1 258.6	1 328.1	25.1%	43.7%	1 331.1	1 470.8	1 884.3	12.4%	40.9%
Working for Water and Working on Fire	889.4	1 107.6	1 446.2	1 506.5	19.2%	52.3%	1 965.9	1 931.8	2 076.6	11.3%	50.9%
Green Fund	–	–	88.8	250.0	–	3.6%	250.0	300.0	215.9	-4.8%	6.9%
Environmental Programmes Management	–	–	–	4.9	–	0.1%	6.2	6.5	6.8	11.2%	0.2%
Information Management and Sector Coordination	–	–	–	32.3	–	0.3%	45.2	47.2	49.7	15.5%	1.2%
<b>Total</b>	<b>1 568.4</b>	<b>1 976.9</b>	<b>2 793.6</b>	<b>3 121.8</b>	<b>25.8%</b>	<b>100.0%</b>	<b>3 598.3</b>	<b>3 756.2</b>	<b>4 233.3</b>	<b>10.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(250.0)			104.0	(162.3)	105.0		

## Economic classification

<b>Current payments</b>	<b>926.9</b>	<b>526.6</b>	<b>369.6</b>	<b>330.9</b>	<b>-29.1%</b>	<b>22.8%</b>	<b>611.9</b>	<b>660.2</b>	<b>696.8</b>	<b>28.2%</b>	<b>15.6%</b>
Compensation of employees	112.1	120.4	144.6	145.8	9.2%	5.5%	155.7	167.6	178.9	7.1%	4.4%
Goods and services	814.5	405.9	224.9	185.1	-39.0%	17.2%	456.2	492.6	517.9	40.9%	11.2%
<i>of which:</i>											
<i>Consultants and professional services:</i>	47.8	43.8	33.1	18.2	-27.6%	1.5%	39.6	41.6	47.2	37.4%	1.0%
<i>Business and advisory services</i>											
<i>Agency and support / outsourced services</i>	211.8	78.9	0.0	6.6	-68.6%	3.1%	113.5	127.9	130.4	171.0%	2.6%
<i>Operating leases</i>	8.5	4.1	0.2	10.5	7.3%	0.2%	11.3	11.8	12.2	5.1%	0.3%
<i>Travel and subsistence</i>	38.8	33.9	50.9	41.0	1.8%	1.7%	59.1	61.3	64.0	16.0%	1.5%
<i>Interest and rent on land</i>	0.4	0.2	0.1	–	-100.0%	–	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>624.2</b>	<b>1 444.3</b>	<b>2 419.0</b>	<b>2 775.8</b>	<b>64.4%</b>	<b>76.8%</b>	<b>2 965.2</b>	<b>3 073.9</b>	<b>3 513.0</b>	<b>8.2%</b>	<b>83.8%</b>
Provinces and municipalities	0.1	–	–	–	-100.0%	–	–	–	–	–	–
Departmental agencies and accounts	136.2	127.2	130.0	479.2	52.1%	9.2%	513.8	590.7	706.3	13.8%	15.6%
Public corporations and private enterprises	4.1	–	88.8	250.0	292.7%	3.6%	250.0	300.0	215.9	-4.8%	6.9%
Non-profit institutions	23.5	16.1	–	–	-100.0%	0.4%	–	–	–	–	–
Households	460.3	1 301.1	2 200.1	2 046.6	64.4%	63.5%	2 201.5	2 183.1	2 590.8	8.2%	61.3%
<b>Payments for capital assets</b>	<b>17.2</b>	<b>6.0</b>	<b>4.9</b>	<b>15.1</b>	<b>-4.4%</b>	<b>0.5%</b>	<b>21.3</b>	<b>22.2</b>	<b>23.5</b>	<b>16.0%</b>	<b>0.6%</b>
Buildings and other fixed structures	0.4	–	–	–	-100.0%	–	–	–	–	–	–
Machinery and equipment	16.9	6.0	4.4	15.1	-3.7%	0.4%	21.3	22.2	23.5	16.0%	0.6%
Software and other intangible assets	–	–	0.5	–	–	–	–	–	–	–	–
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>-35.8%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>
<b>Total</b>	<b>1 568.4</b>	<b>1 976.9</b>	<b>2 793.6</b>	<b>3 121.8</b>	<b>25.8%</b>	<b>100.0%</b>	<b>3 598.3</b>	<b>3 756.2</b>	<b>4 233.3</b>	<b>10.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>47.5%</b>	<b>47.8%</b>	<b>56.5%</b>	<b>60.0%</b>			<b>63.5%</b>	<b>62.8%</b>	<b>64.5%</b>		

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	–	–	7.7	–	–	0.1%	–	–	–	–	–
Departmental agencies	–	–	7.7	–	–	0.1%	–	–	–	–	–
<b>Capital</b>	<b>136.2</b>	<b>127.2</b>	<b>122.4</b>	<b>479.2</b>	<b>52.1%</b>	<b>9.1%</b>	<b>513.8</b>	<b>590.7</b>	<b>706.3</b>	<b>13.8%</b>	<b>15.6%</b>
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
South African Weather Service	100.2	10.2	–	20.0	-41.5%	1.4%	30.0	–	–	-100.0%	0.3%
iSimangaliso Wetland Park Authority	23.0	42.0	44.1	96.8	61.4%	2.2%	101.4	115.1	121.2	7.8%	3.0%
South African National Parks	–	60.0	63.0	306.8	–	4.5%	315.9	398.3	503.7	18.0%	10.4%
South African National Biodiversity Institute	13.0	15.0	15.3	55.6	62.3%	1.0%	66.5	77.3	81.4	13.5%	1.9%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>4.1</b>	<b>–</b>	<b>88.8</b>	<b>250.0</b>	<b>292.7%</b>	<b>3.6%</b>	<b>250.0</b>	<b>300.0</b>	<b>215.9</b>	<b>-4.8%</b>	<b>6.9%</b>
Development Bank of Southern Africa	–	–	88.8	250.0	–	3.6%	250.0	300.0	215.9	-4.8%	6.9%
Public corporations	4.1	–	–	–	-100.0%	–	–	–	–	–	–

**Table 30.17 Environmental Programmes**

Details of selected transfers and subsidies											
R million	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17	
<b>Non-profit institutions</b>											
<b>Current</b>	23.5	16.1	-	-	-100.0%	0.4%	-	-	-	-	-
Buyisa-e-Bag	23.5	16.1	-	-	-100.0%	0.4%	-	-	-	-	-
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	460.3	1 301.1	2 199.9	2 046.6	64.4%	63.5%	2 201.5	2 183.1	2 590.8	8.2%	61.3%
Expanded public works programme: Environmental Protection and Infrastructure Programme	394.9	552.8	-	630.5	16.9%	16.7%	553.2	634.3	915.4	13.2%	18.6%
Expanded public works programme: Incentive: Environmental Protection and Infrastructure Programme	65.4	98.7	-	132.2	26.5%	3.1%	183.7	161.0	169.5	8.6%	4.4%
Expanded public works programme: Working for Water	-	298.8	-	643.7	-	10.0%	762.8	792.1	805.6	7.8%	20.4%
Expanded public works programme incentive: Working for Water	-	53.2	-	116.8	-	1.8%	175.9	79.1	144.4	7.3%	3.5%
Expanded public works programme: Working on Fire	-	245.5	-	470.4	-	7.6%	467.7	472.7	509.7	2.7%	13.1%
Expanded public works programme incentive: Working on Fire	-	52.1	-	52.8	-	1.1%	58.1	44.0	46.2	-4.4%	1.4%
Social Security Payment	-	-	2 199.9	-	-	23.3%	-	-	-	-	-

## Personnel information

**Table 30.18 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17												
Environmental Programmes		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	414	4	409	144.6	0.4	409	145.8	0.4	411	155.7	0.4	414	167.6	0.4	418	178.9	0.4	0.7%	100.0%
1 – 6	106	-	106	15.9	0.1	106	16.0	0.2	106	16.9	0.2	106	17.9	0.2	106	19.0	0.2	-	25.7%
7 – 10	231	1	229	77.7	0.3	229	78.4	0.3	229	82.8	0.4	229	87.8	0.4	232	94.7	0.4	0.4%	55.6%
11 – 12	64	1	59	37.5	0.6	59	37.8	0.6	61	41.2	0.7	64	46.0	0.7	65	49.1	0.8	3.3%	15.1%
13 – 16	13	2	15	13.5	0.9	15	13.7	0.9	15	14.7	1.0	15	15.8	1.1	15	16.2	1.1	-	3.6%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on enhancing the economic potential of the environmental sector by expanding job creation through the management, monitoring and implementation of the expanded public works programme. As such, 83.8 per cent of the programme's budget over the medium term is transferred to implementing agents and public entities.

The transfer payments to implementing agents account for over 60 per cent of the programme's budget over the medium term. The funding to the expanded public works programme created 210 586 work opportunities and 68 109 full time equivalent jobs between 2010/11 and 2013/14, and is projected to create a further 115 600 full time equivalent jobs and 228 860 work opportunities over the medium term. These transfers are the main driver of the increase in spending in the programme over the seven-year period. Spending on consultants, who are mainly used for small projects in the eradication of alien vegetation, is also expected to increase over the medium term as it directly correlates with allocations to the expanded public works programme.

Infrastructure development in the public entities is enabled by transfer payments, which are expected to increase due to the additional allocation of R680 million for infrastructure and the upgrading of facilities at the iSimangaliso Wetland Park Authority, South African National Parks, South African National Biodiversity Institute and the South African Weather Service. To give effect to Cabinet approved budget reductions, the

department has reduced the allocations for transfers over the medium term to the expanded public works programme by R207 million, to Working for Water and Working on Fire by R101 million, and to the Green Fund by R100 million. This will not impact service delivery due to the Working for Water and Working on Fire programmes receiving an additional R125 million and the environmental public works programmes receiving R80 million in 2016/17, resulting in a net increase in funding of R75 million over the medium term. The Green Fund also receives R250 million in 2014/15 to enable more green projects to be approved and implemented to ensure that the transition to a low carbon economy is addressed.

At the end of November 2013 the department had 9 vacant positions as a result of natural attrition and delays in finalising appointments. The number of personnel in this programme is expected to increase to 418 by 2016/17 to facilitate better management and implementation of the expanded public works programmes.

## **Programme 7: Chemicals and Waste Management**

### **Objectives**

- Oversee, monitor and evaluate waste sector performance, ensuring that there is less waste generated and existing waste is better managed by:
  - developing and implementing national waste management policies, strategies, legislation, and norms and standards over the MTEF period
  - supporting municipalities to increase the percentage of households with basic service collection from 67 per cent in 2012/13 to 75 per cent by 2016/17
  - managing and coordinating the licensing of all surveyed unlicensed (341) landfill sites by 2015/16.
- Contribute to the management of the impact of chemicals on the environment by developing and implementing legislative instruments and providing specialist advisory services on chemicals and pollution management as and when requested.

### **Subprogrammes**

- *Chemicals and Waste Management* provides for the overall administration and functioning of the programme. In both 2012/13 and 2013/14, the subprogramme hosted the fourth Waste Management Officers Khoro with the objective of promoting strategic waste management as a collective social effort. In 2012/13, 36 857 households benefited from waste collection initiatives and 9 buyback centres were created. This subprogramme had a staff complement of 2 in 2013/14.
- *Hazardous Waste Management and Licencing* develops and implements processes and systems for the efficient and effective administration of the department's authorisation of waste management activities, and ensures that the release of hazardous waste streams into the environment is reduced and that contaminated land is remediated. In 2013/14 the health care risk waste regulations were reviewed and gazetted for comment. This subprogramme had a staff complement of 11 in 2013/14.
- *General Waste and Municipal Support* leads the development of national policies, strategies, legislation, and norms and standards; builds capacity in government, industry and civil society to respond to the challenges of pollution resulting from poor general waste management; and contributes to the provision of basic waste services to all South Africans. In 2012/13, municipal support resulted in 65 per cent of households nationally (8 487 783 out of 12 977 615) receiving basic waste collection services. A tariff model for refuse removal was also developed. In 2013/14, 103 waste facilities were registered on the South African waste information system, and 18 capacity building sessions for waste data collection and reporting were conducted in 4 provinces (North West, Northern Cape, KwaZulu-Natal, Mpumalanga). This subprogramme had a staff complement of 18 in 2013/14.
- *Chemicals and Waste Policy, Evaluation and Monitoring* leads the development of national policies, strategies, legislation, and norms and standards; and monitors and evaluates the impact of policy on chemicals and waste management. The national waste management strategy was finalised in 2013/14. This subprogramme had a staff complement of 7 in 2013/14.
- *Chemicals Management* facilitates, plans and coordinates both the department's and South Africa's engagement and cooperation agreements in multilateral chemical and waste agreements and related

international cooperation and national programmes. The national implementation plan for the Stockholm Convention on Persistent Organic Pollutants was finalised and implemented in 2013/14. This subprogramme had a staff complement of 11 in 2013/14.

## Expenditure estimates

**Table 30.19 Chemicals and Waste Management**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16
R million												
Chemicals and Waste Management	0.7	0.8	6.5	4.9	94.2%	6.8%	5.2	5.9	6.1	8.1%	7.3%	
Hazardous Waste Management and Licensing	1.7	2.1	5.4	10.6	83.2%	10.5%	14.9	16.1	17.0	17.3%	19.5%	
General Waste and Municipal Support	23.9	29.4	33.1	30.6	8.6%	61.8%	27.3	30.0	32.4	1.9%	40.0%	
Chemicals and Waste Policy, Evaluation and Monitoring	2.2	2.7	9.6	11.6	73.6%	13.8%	16.9	18.8	19.5	18.8%	22.2%	
Chemicals Management	0.7	0.8	4.0	8.0	127.5%	7.1%	7.8	8.4	8.9	3.6%	11.0%	
<b>Total</b>	<b>29.2</b>	<b>35.8</b>	<b>58.5</b>	<b>65.7</b>	<b>31.0%</b>	<b>100.0%</b>	<b>72.2</b>	<b>79.2</b>	<b>84.0</b>	<b>8.5%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				-			-	-	-			

### Economic classification

<b>Current payments</b>	<b>28.8</b>	<b>35.7</b>	<b>47.7</b>	<b>54.7</b>	<b>23.8%</b>	<b>88.2%</b>	<b>60.6</b>	<b>67.1</b>	<b>71.3</b>	<b>9.2%</b>	<b>84.3%</b>
Compensation of employees	18.1	20.7	28.3	34.4	23.9%	53.6%	39.8	45.4	48.4	12.1%	55.8%
Goods and services	10.8	15.0	19.4	20.3	23.6%	34.6%	20.8	21.7	22.8	3.9%	28.5%
of which:											
Consultants and professional services: Business and advisory services	5.2	4.5	10.3	4.2	-6.4%	12.8%	6.4	8.9	9.1	29.3%	9.5%
Operating leases	0.1	0.1	0.0	0.5	107.1%	0.3%	0.3	0.4	0.4	-8.5%	0.5%
Travel and subsistence	2.3	3.6	3.4	4.7	27.1%	7.4%	2.6	2.9	3.0	-14.3%	4.4%
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>10.3</b>	<b>10.6</b>	<b>-</b>	<b>11.0%</b>	<b>11.0</b>	<b>11.5</b>	<b>12.1</b>	<b>4.6%</b>	<b>15.0%</b>
Departmental agencies and accounts	-	-	10.0	10.5	-	10.8%	11.0	11.5	12.1	5.0%	15.0%
Non-profit institutions	-	-	0.2	0.1	-	0.2%	-	-	-	-100.0%	-
Households	-	-	0.1	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.2</b>	<b>0.6</b>	<b>0.4</b>	<b>-2.8%</b>	<b>0.8%</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>18.4%</b>	<b>0.7%</b>
Machinery and equipment	0.4	0.2	0.6	0.4	-2.8%	0.8%	0.5	0.6	0.6	18.4%	0.7%
<b>Total</b>	<b>29.2</b>	<b>35.8</b>	<b>58.5</b>	<b>65.7</b>	<b>31.0%</b>	<b>100.0%</b>	<b>72.2</b>	<b>79.2</b>	<b>84.0</b>	<b>8.5%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.9%	0.9%	1.2%	1.3%			1.3%	1.3%	1.3%		

### Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	-	-	10.0	10.5	-	10.8%	11.0	11.5	12.1	5.0%	15.0%
National Regulator for Compulsory Specifications	-	-	10.0	10.5	-	10.8%	11.0	11.5	12.1	5.0%	15.0%

## Personnel information

**Table 30.20 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Chemicals and Waste Management	Number of posts estimated for 31 March 2014	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		2015/16		2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17	
Salary level	68	1	51	28.3	0.6	60	34.4	0.6	65	39.8	0.6	69	45.4	0.7	69	48.4	0.7	4.8%	100.0%
1-6	5	1	6	0.9	0.2	6	1.0	0.2	6	1.0	0.2	6	1.1	0.2	6	1.2	0.2	-	9.1%
7-10	37	-	27	12.5	0.5	35	16.4	0.5	37	18.2	0.5	37	19.1	0.5	37	20.4	0.6	1.9%	55.5%
11-12	16	-	11	8.2	0.7	11	8.7	0.8	14	11.5	0.8	16	13.7	0.9	16	14.6	0.9	13.3%	21.7%
13-16	10	-	7	6.6	0.9	8	8.4	1.0	8	9.1	1.1	10	11.5	1.1	10	12.3	1.2	7.7%	13.7%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on developing an appropriate legislative framework and building capacity to improve the provision of quality chemical and waste management services across the country. To this end, the bulk of the programme's spending over the medium term is concentrated in the *Hazardous Waste Management and Licencing*, *General Waste and Municipal Support*, and *Chemicals and Waste Policy, Evaluation and Monitoring* subprogrammes, which perform these functions. Compensation of employees is expected to increase over the medium term as the programme builds internal capacity in accordance with the National Environmental Management: Waste Act (2008) to enable the department to support provinces and municipalities in this concurrent function. Since the programme was only created after the restructuring in 2011/12, there were still 9 vacancies at the end of November 2013. The number of personnel is expected to increase to 69 by 2016/17. The additional personnel will travel to sites, require computer equipment and generally use more supplies, leading to an increase in expenditure on goods and services.

Spending on consultants, who provide specialist skills in relation to developing appropriate waste management and licensing legislation, processes and policies, is expected to increase moderately over the medium term. This is mainly due to the programme not being able to attract suitable personnel to perform these functions as a result of the shortage of highly specialised skills in the chemical and waste management sector.

The programme will also focus over the medium term on supporting municipalities in ensuring that their landfill sites are properly licensed for waste disposal. For this reason, spending on travel and subsistence is expected to increase to provide for staff to travel to different provinces to train municipal officials and councillors on waste management. Between 2010/11 and 2013/14, spending in the *General Waste and Municipal Support* subprogramme increased significantly after the 2011/12 restructuring of the department. This was as a result of the creation of this programme as a new standalone programme which had to be capacitated, leading to an increase in the number of personnel.

## Public entities and other agencies

### South African National Parks

#### Mandate and goals

South African National Parks was established in terms of the National Environmental Management: Protected Areas Act (2003) with the mandate to conserve, protect, control and manage national parks and other defined protected areas and their biological diversity.

The organisation's strategic goals over the medium term are to:

- contribute to economic growth and transformation by creating decent jobs, and sustainable and quality livelihoods
- ensure that national parks remain important components of economic stimulus through the entity's infrastructure development programme and expanded public works programme
- continue with the adoption and implementation of several sector skills programmes, including learnerships and internships, to enhance cost effective human capital development while addressing the objectives of the national skills development strategy
- combat and deter rhino poaching in partnership with the national wildlife reaction unit, the South African Police Service, the National Prosecuting Authority and the South African Revenue Service.

## Selected performance indicators

Table 30.21 South African National Parks

Indicator	Programme/Activity/Objective	Outcomes	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of visitors to national parks per year	Conservation and tourism	Outcome 10: Environmental assets and natural resources that are valued, protected and continually enhanced	4 536 491	4 705 306	4 941 697	4 700 000	4 750 000	4 800 000	4 850 000
Number of domestic black visitors to national parks per year	Conservation and tourism		385 000	389 624	434 216	423 300	436 000	449 000	462 500
Gross operating tourism revenue (value of revenue raised from commercial activities) per year	Conservation and tourism		R769m	R830.5m	R898.5m	R900m	R910m	R937m	R1bn
Number of participants in environmental education programmes per year	Conservation and tourism		155 631	173 685	231 327	175 580	180 600	185 620	190 000
Number of hectares of land brought into the national parks system per year	Conservation and tourism		12 235ha	2 420ha	882ha	8 726ha	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>

1. Rural property acquisition transactions take longer than planned to conclude, thus it is not possible to project targets over the MTEF period.

## Programme/activities/objectives

Table 30.22 South African National Parks

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
Administration	1 464.2	1 701.3	1 723.6	1 444.2	-0.5%	100.0%	1 554.2	1 693.1	1 819.8	8.0%	100.0%
<b>Total expense</b>	<b>1 464.2</b>	<b>1 701.3</b>	<b>1 723.6</b>	<b>1 444.2</b>	<b>-0.5%</b>	<b>100.0%</b>	<b>1 554.2</b>	<b>1 693.1</b>	<b>1 819.8</b>	<b>8.0%</b>	<b>100.0%</b>

## Expenditure estimates

Table 30.23 South African National Parks

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>905.1</b>	<b>984.3</b>	<b>1 097.7</b>	<b>875.9</b>	-1.1%	62.0%	<b>920.4</b>	<b>961.6</b>	<b>980.8</b>	3.8%	57.2%
Sale of goods and services other than capital assets	826.8	942.5	1 061.9	852.9	1.0%	59.0%	894.8	937.3	956.0	3.9%	55.7%
of which:											
Sales by market establishment	826.8	942.5	1 061.9	852.9	1.0%	59.0%	894.8	937.3	956.0	3.9%	55.7%
Other non-tax revenue	78.4	41.7	35.8	23.0	-33.5%	2.9%	25.6	24.3	24.8	2.6%	1.5%
<b>Transfers received</b>	<b>506.5</b>	<b>717.9</b>	<b>584.6</b>	<b>568.4</b>	<b>3.9%</b>	<b>38.0%</b>	<b>654.9</b>	<b>776.4</b>	<b>817.8</b>	<b>12.9%</b>	<b>42.8%</b>
<b>Total revenue</b>	<b>1 411.6</b>	<b>1 702.1</b>	<b>1 682.3</b>	<b>1 444.2</b>	<b>0.8%</b>	<b>100.0%</b>	<b>1 575.3</b>	<b>1 738.0</b>	<b>1 798.7</b>	<b>7.6%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>1 464.2</b>	<b>1 701.3</b>	<b>1 723.6</b>	<b>1 444.2</b>	<b>-0.5%</b>	<b>100.0%</b>	<b>1 554.2</b>	<b>1 693.1</b>	<b>1 819.8</b>	<b>8.0%</b>	<b>100.0%</b>
Compensation of employees	519.8	584.4	581.9	643.5	7.4%	37.0%	688.5	736.7	803.1	7.7%	44.1%
Goods and services	882.0	1 047.4	1 084.4	747.8	-5.4%	59.1%	809.5	896.8	953.2	8.4%	52.3%
Depreciation	54.0	56.5	41.1	37.7	-11.3%	3.0%	39.9	42.3	45.3	6.3%	2.5%
Interest, dividends and rent on land	8.3	13.0	16.2	15.3	22.5%	0.8%	16.2	17.2	18.2	6.1%	1.0%
<b>Total expenses</b>	<b>1 464.2</b>	<b>1 701.3</b>	<b>1 723.6</b>	<b>1 444.2</b>	<b>-0.5%</b>	<b>100.0%</b>	<b>1 554.2</b>	<b>1 693.1</b>	<b>1 819.8</b>	<b>8.0%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>(53.0)</b>	<b>-</b>	<b>(41.0)</b>	<b>-</b>	<b>-100.0%</b>		<b>21.0</b>	<b>45.0</b>	<b>(21.0)</b>	<b>-</b>	

**Table 30.23 South African National Parks**

Statement of financial position	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
	R million										
Carrying value of assets	1 646.6	1 701.4	1 751.5	1 855.3	4.1%	76.7%	1 915.3	2 050.3	2 050.3	3.4%	80.4%
<i>of which:</i>											
Acquisition of assets	208.5	114.2	168.2	21.2	-53.3%	5.7%	22.3	23.5	24.8	5.3%	0.9%
Investments	223.3	83.5	198.9	232.9	1.4%	8.1%	232.9	232.9	232.9	-	9.5%
Inventory	20.5	22.7	34.6	21.1	1.0%	1.1%	21.1	21.1	21.1	-	0.9%
Receivables and prepayments	21.8	24.5	30.2	25.0	4.7%	1.1%	25.0	25.0	25.0	-	1.0%
Cash and cash equivalents	232.3	377.5	370.3	200.0	-4.9%	13.0%	200.0	200.0	200.0	-	8.2%
<b>Total assets</b>	<b>2 144.4</b>	<b>2 209.8</b>	<b>2 385.5</b>	<b>2 334.3</b>	<b>2.9%</b>	<b>100.0%</b>	<b>2 394.3</b>	<b>2 529.3</b>	<b>2 529.3</b>	<b>2.7%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	562.4	548.8	533.0	(39.6)	-141.3%	17.9%	(39.6)	(39.6)	(39.6)	-	-1.6%
Capital reserve fund	910.6	969.8	981.5	90.0	-53.8%	32.8%	105.0	195.0	195.0	29.4%	5.9%
Borrowings	27.0	21.5	16.3	22.3	-6.2%	1.0%	22.3	22.3	22.3	-	0.9%
Deferred income	158.4	120.8	224.0	1 649.0	118.4%	23.2%	1 694.0	1 739.0	1 739.0	1.8%	69.7%
Trade and other payables	243.2	280.2	353.6	354.8	13.4%	13.5%	354.8	354.8	354.8	-	14.5%
Provisions	242.8	268.6	277.0	257.9	2.0%	11.5%	257.9	257.9	257.9	-	10.6%
<b>Total equity and liabilities</b>	<b>2 144.4</b>	<b>2 209.8</b>	<b>2 385.5</b>	<b>2 334.3</b>	<b>2.9%</b>	<b>100.0%</b>	<b>2 394.3</b>	<b>2 529.3</b>	<b>2 529.3</b>	<b>2.7%</b>	<b>100.0%</b>

**Personnel information****Table 30.24 South African National Parks**

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17								
			Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost							
	1 034	1 034	892	581.9	0.7	1 034	643.5	0.6	1 034	688.5	0.7	1 034	736.7	0.7	1 034	803.1	0.8	7.7%	100.0%
1 – 6	1 034	1 034	892	325.7	0.4	1 034	365.8	0.4	1 034	391.4	0.4	1 034	418.8	0.4	1 034	456.6	0.4	7.7%	100.0%
7 – 10	-	-	-	89.3	-	-	95.6	-	-	102.3	-	-	109.5	-	-	119.3	-	7.7%	-
11 – 12	-	-	-	124.7	-	-	138.6	-	-	148.4	-	-	158.7	-	-	173.0	-	7.7%	-
13 – 16	-	-	-	39.9	-	-	41.1	-	-	43.9	-	-	47.0	-	-	51.2	-	7.7%	-
17 – 22	-	-	-	2.2	-	-	2.4	-	-	2.5	-	-	2.7	-	-	2.9	-	7.7%	-

1. Rand million.

**Expenditure trends**

Revenue for South African National Parks increases from R1.4 billion in 2010/11 to R1.6 billion in 2014/15, mostly from tourism activities within the parks such as self-drive safaris, game viewing, accommodation tariffs, adventure activities such as guided walks and hiking, bird-watching, 4x4 trails, sight-seeing, cultural and historical experiences, mountain biking, golf, canoeing and swimming. This revenue enables the entity to fund activities and projects, mostly infrastructure, which could not be accommodated in the budget allocations. Between 2010/11 and 2013/14, revenue decreased mainly due to a decline in tourism arrivals in a difficult economic climate. However, revenue is expected to grow over the medium term with an increase in the transfers from the Department of Environmental Affairs for infrastructure development and operational activities.

The spending focus over the medium term will be on improving the state of the conservation estate, and on contributing to conservation nationally and participating in global conservation efforts. Maintenance and upgrading of infrastructure and facilities, and fighting wildlife crime, remain priorities. An additional R15.9 million in 2014/15 and R12.1 million in 2015/16 is allocated for repairing infrastructure damaged by recent natural disasters at the Kruger National Park in both Limpopo and Mpumalanga. The function shift of the management of the Knysna indigenous forests from the Department of Agriculture, Forestry and Fisheries to the entity has been finalised, with R22 million made available annually over the MTEF period.

With an allocation of R103 million over the medium term for combatting wildlife crimes, especially rhino poaching, the entity will continue to work with other law enforcement agencies in this regard. This is also

reflected in the number of personnel, which is expected to increase to 1 034 by 2016/17 as capacity is increased to ensure vigilance and a more robust response to the poaching scourge.

The cost curtailment measures initiated to reduce expenses include a focus on financial management discipline and controls, in-sourcing some previously outsourced services, training staff to try to reduce the entity's dependence on consultants, and encouraging the use of video and teleconferencing facilities to reduce mainly travel and subsistence costs. Consultants are mainly used for specialised conservation initiatives, assessing the feasibility of land claims, and for bioregional assessments using geographic information systems. Spending on consultants is expected to increase over the medium term as result of the shortage of expertise and skills within the entity, and to enable a rapid response to poaching.

The number of visitors to the entity's parks is expected to increase from 4.7 million in 2013/14 to 4.8 million in 2016/17, largely driven by an anticipated increase in domestic visitors as a result of increasing awareness of what South African National Parks has to offer, and its Wild Card loyalty programme.

### **Other public entities and agencies**

Comprehensive coverage of the following public entities is provided with more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **iSimangaliso Wetland Park Authority** protects and conserves the park, to promote and facilitate tourism and tourism related development in the park. Its total budget for 2014/15 is R122 million.
- The **South African National Biodiversity Institute** focuses on biodiversity knowledge management and information generation and dissemination by conducting coordinated research on the composition, value, status, functioning and dynamics of South Africa's biodiversity. The institute's total budget for 2014/15 is R507 million.
- The **South African Weather Service** maintains, extends and improves the quality of meteorological services. Its total budget for 2014/15 is R335 million.

**Additional table: Summary of expenditure on infrastructure**

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2013/14	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
<b>Departmental infrastructure</b>										
Polar research vessel	Vessel for research voyages to Marion Island, Gough Island and Antarctica replaced	Construction	1 429.3	467.3	642.8	187.7	-	-	-	-
South African National Parks	Tourism accommodation facilities upgraded	Construction	1 282.8	-	-	63.0	216.8	270.9	284.4	198.6
South African National Parks	Roads upgraded	Construction	500	34.3	-	27.4	28.3	30.0	31.5	33.1
South African Weather Stations	Weather station facilities upgraded	Various	260.6	100.2	-	-	-	-	-	-
South African National Biodiversity Institute	Upgrading of laboratories and replacement of old and depleted equipment and vehicles	Various	550	-	-	-	40.0	50.0	60.0	63.6
South African National Parks	Upgrading of accommodation facilities and equipment in National Parks	Various	595.7	-	-	-	65.0	129.0	195.0	206.7
iSimangaliso Wetland Park Authority	Office facilities upgrading	Various	655.2	-	-	44.1	-	-	-	-
South African National Biodiversity Institute	Facilities upgraded and new facilities in botanical gardens	Various	230.0	-	-	15.3	15.6	16.5	17.3	18.2
South African Weather Services	Acquisition of high performance computer to assist with improved weather and meteorological services	Various	50.0	-	-	-	20.0	30.0	-	-
iSimangaliso Wetland Park Authority	Upgrading accommodation facilities and equipment	Various	220.0	-	-	-	20.0	20.0	20.0	20.0
<b>Total</b>			<b>5 773.6</b>	<b>601.7</b>	<b>643</b>	<b>337.5</b>	<b>405.7</b>	<b>546.4</b>	<b>608.2</b>	<b>540.2</b>

# Vote 31

## Human Settlements

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	425.9	423.2	–	2.7	445.6	472.0
Human Settlements Policy, Strategy and Planning	89.4	87.7	1.1	0.6	94.3	100.3
Programme Delivery Support	298.5	289.0	8.4	1.1	307.7	325.4
Housing Development Finance	29 707.6	24.0	28 718.7	964.8	31 994.7	33 554.8
<b>Total expenditure estimates</b>	<b>30 521.4</b>	<b>823.9</b>	<b>28 728.3</b>	<b>969.3</b>	<b>32 842.4</b>	<b>34 452.6</b>

Executive authority Minister of Human Settlements  
Accounting officer Director General of Human Settlements  
Website address [www.dhs.gov.za](http://www.dhs.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Facilitate the creation of sustainable human settlements and the improvement to household quality of life.*

### Mandate

The Department of Human Settlements derives its responsibilities from section 3 of the Housing Act (1997). According to the act, the department must, after consultation with provinces and municipalities, establish and facilitate a sustainable national housing development process by:

- determining national policy, including national norms and standards, in respect of housing and human settlements development
- setting broad national housing delivery goals
- monitoring performance of provinces and municipalities against housing budgetary and delivery goals
- building the capacity of provinces and municipalities
- promoting consultation with all stakeholders in the housing delivery chain, including civil society and the private sector.

### Strategic goals

The department's strategic goals over the medium term are to:

- accelerate the delivery of housing opportunities
- improve access to basic services
- provide a framework for more efficient land use
- improve access to the property market.

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide strategic leadership, and administrative and management support services to the department.

## Programme 2: Human Settlements Policy, Strategy and Planning

**Purpose:** Manage the development of and compliance with human settlements sector delivery and intergovernmental relations frameworks, and oversee integrated human settlements strategic and planning services.

## Programme 3: Programme Delivery Support

**Purpose:** Support the execution of human settlement programmes and projects, oversee the implementation of the household sanitation programme, monitor and evaluate the implementation of the human settlement programme, manage the building of capacity and skills in the sector and provide oversight of public entities reporting to the Minister of Human Settlements.

## Programme 4: Housing Development Finance

**Purpose:** Fund and monitor the delivery of all housing and human settlements programmes and manage all matters related to improving access to housing finance and developing partnerships with the financial sector.

## Selected performance indicators

Table 31.1 Human Settlements

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of additional municipalities assessed for accreditation level 2 per year	Human Settlements Policy, Strategy and Planning		6	10	4	1	5	5	5
Total number of municipalities provided with technical assistance for informal settlement upgrading	Programme Delivery Support		20	20	20	45	53	53	53
Number of informal settlements with settlement level upgrading plans per year <sup>1</sup>	Programme Delivery Support		-1	-1	-1	148	450	400	400
Number of informal settlements upgraded to phase 3 per year <sup>1</sup>	Programme Delivery Support		-1	-1	-1	-1	300	500	600
Number of additional residential units completed per year	Housing Development Finance		121 879	120 610	115 079	70 362 <sup>2</sup>	66 655	72 533	76 433
Number of additional sites serviced per year (greenfield)	Housing Development Finance		63 546	58 587	45 698	21 424 <sup>2</sup>	75 275	81 912	68 318
Number of additional households upgraded in informal settlements with access to secure tenure and basic services per year (brownfield)	Housing Development Finance	Outcome 8: Sustainable human settlements and improved quality of household life	54 629	74 358	54 918	13 631 <sup>3</sup>	28 898	30 632	32 470
Number of houses per hectare of land in integrated residential development programme projects per year <sup>1</sup>	Housing Development Finance		-1	-1	-1	-1	60	60	60
Number of additional households provided with on-site sanitation in rural areas per year	Housing Development Finance		11 652	24 089	27 377	7 335 <sup>4</sup>	11 858	12 569	13 148
Number of subsidies issued in the People's Housing Process per year <sup>1</sup>	Programme Delivery Support		-1	-1	-1	-1	6 000	6 500	7 000
Number of additional bucket sanitation systems removed from households per year	Housing Development Finance		-1	-1	-1	-1	131 092	142 205	-

1. No historical data as these are new performance indicators.

2. Figures for 2013/14 are up to December 2013.

3. Figures for 2013/14 are up to September 2013.

4. Figures for 2013/14 are up to October 2013.

## The national development plan

Central to the national development plan is the need to transform the functioning of human settlements and the workings of the spatial economy in order to create more functionally integrated, balanced and vibrant urban

settlements by 2030. This is consistent with sustainable human settlements and improved quality of household life (outcome 8), on which the department delivers.

Over the medium term, the department will therefore focus on policy and funding reforms in order to:

- achieve better spatial targeting for new urban developments
- ensure adequate housing opportunities and better living standards for poor households
- support the development of a well-functioning and equitable residential market
- improve institutional capacity and intergovernmental coordination.

Households in informal settlements and backyard shacks present a particular challenge relating to the pursuit of economic livelihood opportunities. The national development plan proposes a series of integrated interventions that include economic solutions, institutional reforms, and changes to land management systems, housing and infrastructure investment. Departmental programmes, such as the social housing programme and the informal settlement upgrading programme, provide for higher densities in locations with access to public transport and socio-economic services in support of this vision. Social housing delivers medium density rental housing in designated restructuring zones and aims to improve the quality of neighbourhoods. Through the informal settlements programme, the in-situ upgrading of informal settlements that are well located provides secure tenure and access to basic services that improve the quality of the lives of households. The department is drafting a green paper for human settlements to support the national development plan's vision.

## Expenditure estimates

Table 31.2 Human Settlements

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
Administration	286.4	271.6	300.6	422.4	422.4	13.8%	1.4%	425.9	445.6	472.0	3.8%	1.4%
Human Settlements Policy, Strategy and Planning	46.2	60.9	63.2	84.1	84.1	22.1%	0.3%	89.4	94.3	100.3	6.1%	0.3%
Programme Delivery Support	164.6	190.5	174.4	261.7	211.7	8.8%	0.8%	298.5	307.7	325.4	15.4%	0.9%
Housing Development Finance	18 419.4	22 075.9	23 925.1	27 487.3	27 487.3	14.3%	97.6%	29 707.6	31 994.7	33 554.8	6.9%	97.4%
<b>Total</b>	<b>18 916.5</b>	<b>22 598.9</b>	<b>24 463.3</b>	<b>28 255.5</b>	<b>28 205.5</b>	<b>14.2%</b>	<b>100.0%</b>	<b>30 521.4</b>	<b>32 842.4</b>	<b>34 452.6</b>	<b>6.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				145.0	95.0			315.2	95.8	(35.0)		
<b>Economic classification</b>												
<b>Current payments</b>	<b>439.1</b>	<b>494.3</b>	<b>533.6</b>	<b>772.3</b>	<b>722.3</b>	<b>18.0%</b>	<b>2.3%</b>	<b>823.9</b>	<b>858.7</b>	<b>909.5</b>	<b>8.0%</b>	<b>2.6%</b>
Compensation of employees	216.5	242.7	249.8	362.8	362.8	18.8%	1.1%	390.0	417.8	445.4	7.1%	1.3%
Goods and services	222.5	251.3	283.8	409.5	359.5	17.4%	1.2%	433.9	440.9	464.1	8.9%	1.3%
of which:												
Computer services	27.9	12.9	32.5	51.5	51.5	22.7%	0.1%	53.3	54.3	57.2	3.5%	0.2%
Consultants and professional services: Business and advisory services	74.9	100.0	99.0	167.0	117.0	16.0%	0.4%	184.8	186.4	196.3	18.8%	0.5%
Operating leases	25.2	18.0	16.8	35.2	35.2	11.8%	0.1%	36.4	38.1	40.3	4.6%	0.1%
Travel and subsistence	40.7	56.5	57.4	44.4	44.4	2.9%	0.2%	51.2	52.2	54.8	7.3%	0.2%
Interest and rent on land	0.2	0.2	-	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>18 357.9</b>	<b>21 881.1</b>	<b>23 718.9</b>	<b>27 372.3</b>	<b>27 372.3</b>	<b>14.2%</b>	<b>97.0%</b>	<b>28 728.3</b>	<b>30 936.3</b>	<b>33 538.2</b>	<b>7.0%</b>	<b>95.7%</b>
Provinces and municipalities	18 000.1	21 388.5	22 787.2	26 212.0	26 212.0	13.3%	93.8%	27 716.7	29 538.3	32 066.0	7.0%	91.7%
Departmental agencies and accounts	346.2	484.1	912.8	1 150.8	1 150.8	49.2%	3.1%	1 002.1	1 388.0	1 461.6	8.3%	4.0%
Higher education institutions	-	-	3.1	3.7	3.7	-	0.0%	3.9	4.1	4.5	6.0%	0.0%
Foreign governments and international organisations	0.7	0.5	1.3	1.6	1.6	31.3%	0.0%	1.1	1.2	1.2	-7.9%	0.0%
Non-profit institutions	-	-	0.4	-	-	-	0.0%	-	-	-	-	-
Households	10.9	8.0	14.1	4.3	4.3	-26.8%	0.0%	4.5	4.7	4.9	4.8%	0.0%
<b>Payments for capital assets</b>	<b>119.3</b>	<b>223.6</b>	<b>210.7</b>	<b>110.8</b>	<b>110.8</b>	<b>-2.4%</b>	<b>0.7%</b>	<b>969.3</b>	<b>1 047.4</b>	<b>4.9</b>	<b>-64.7%</b>	<b>1.7%</b>
Buildings and other fixed structures	108.6	219.7	205.6	100.5	100.5	-2.5%	0.7%	964.7	1 042.7	-	-100.0%	1.7%
Machinery and equipment	10.4	3.9	5.1	9.8	9.8	-1.9%	0.0%	4.3	4.4	4.6	-22.2%	0.0%
Software and other intangible assets	0.4	0.0	0.0	0.5	0.5	9.2%	0.0%	0.2	0.3	0.3	-17.7%	0.0%
<b>Payments for financial assets</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>18 916.5</b>	<b>22 598.9</b>	<b>24 463.3</b>	<b>28 255.5</b>	<b>28 205.5</b>	<b>14.2%</b>	<b>100.0%</b>	<b>30 521.4</b>	<b>32 842.4</b>	<b>34 452.6</b>	<b>6.9%</b>	<b>100.0%</b>

## Personnel information

**Table 31.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Human Settlements</b>																			
Salary level	861	–	699	249.8	0.4	652	362.8	0.6	861	390.0	0.5	861	417.8	0.5	861	445.4	0.5	9.7%	100.0%
1 – 6	208	–	201	31.5	0.2	167	39.8	0.2	208	42.2	0.2	208	45.2	0.2	208	48.1	0.2	7.6%	24.5%
7 – 10	382	–	293	89.0	0.3	280	132.6	0.5	382	142.1	0.4	382	152.0	0.4	382	161.9	0.4	10.9%	44.1%
11 – 12	161	–	125	63.6	0.5	124	91.6	0.7	161	99.0	0.6	161	106.4	0.7	161	113.6	0.7	9.1%	18.8%
13 – 16	108	–	78	62.3	0.8	79	94.8	1.2	108	102.7	1.0	108	110.0	1.0	108	117.2	1.1	11.0%	12.5%
Other	2	–	2	3.5	1.7	2	4.0	2.0	2	4.0	2.0	2	4.2	2.1	2	4.5	2.3	–	0.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on accelerating the delivery of low income housing opportunities and basic services for the poor. This is reflected in transfers of the human settlements development grant and the urban settlements development grant to provinces and municipalities through the *Housing Development Finance* programme. These transfers used 93 per cent of the total departmental budget in 2013/14 and are expected to allow provinces and municipalities to deliver an additional 215 621 low income houses and upgrade a further 225 505 sites for greenfield development over the medium term. The department expects to reach these targets despite a Cabinet approved reduction over the medium term of R130 million from the urban settlements development grant and R900 million from the human settlements development grant.

To accelerate the delivery of housing opportunities, the department transfers funds to the Social Housing Regulatory Authority for the capital restructuring grant it administers. As a result, transfers to departmental agencies and accounts are the fastest growing item in the department's budget over the medium term. The capital restructuring grant will contribute to the delivery of approximately 17 977 medium density rental housing units for households earning between R1 500 and R7 500 per month to contribute towards the spatial, social and economic restructuring of South African cities and towns.

To facilitate the assignment of the administration of the housing and human settlements programmes from provinces to six metropolitan municipalities in 2014, Cabinet approved an additional allocation of R900 million over the MTEF period to create the municipal human settlements capacity grant. In addition, Cabinet approved the introduction of a programme to accelerate the eradication of bucket toilets by expediting the delivery of suitable sanitation systems for households. As a result, the department's payments for capital assets budget is set to increase by R1.9 billion in 2014/15 and 2015/16. The Budget also includes additional Cabinet approved allocations of R180 million in the *Housing Development Finance* subprogramme in 2014/15 to provide for rapidly urbanising mining towns, and R185 million in 2014/15 and R140 million in 2015/16 for disaster relief in provinces.

In relation to the department's policy making responsibilities, spending in the *Human Settlements, Policy, Strategy and Planning* programme will focus on the drafting of a new human settlements green paper, which is expected to be completed by 2015/16. This new policy framework, consistent with the national development plan, is expected to provide new legislation by 2018 to support the facilitation of sustainable human settlements.

Over the MTEF period, the department plans to strengthen its capacity support to provinces and municipalities, and focus on enhancing its monitoring and evaluation of service delivery of housing opportunities and access to housing finance. As a result, the *Programme Delivery Support* programme is expected to be one of the fastest growing programmes over the MTEF period, with spending expected to increase at an average annual rate of 6.9 per cent. Spending on consultants in the department over the medium term relates to the national upgrading support programme, which is expected to provide project level technical assistance for the upgrading of informal settlements in 53 municipalities by 2016/17. It will also provide for the expansion of Special Investigations Unit investigations into fraudulent activity in the issue of low income housing subsidies and the

construction of houses. In addition, a new capacity building programme will be developed in 2014 to support poorly capacitated rural municipalities in providing on-site sanitation services. This will be funded through the rural household infrastructure grant.

The department's organisational structure comprises 861 approved posts, of which 49 per cent were in the *Administration* programme. The department had 652 filled posts at the end of November 2013, representing an overall vacancy rate of 23.5 per cent. The vacancy rates per programme were: 14 per cent in *Administration*, 40 per cent in *Human Settlements Policy, Strategy and Planning*, 34 per cent in *Programme Delivery Support* and 14 per cent in *Housing Development Finance*. These posts were vacant due to normal attrition and the length of time it takes to finalise the recruitment process. The department expects to fill these posts over the medium term.

### Infrastructure spending

The department is not directly involved in the implementation of infrastructure projects. Spending on infrastructure is through grants transferred to the provinces, municipalities and public entities. This includes:

- R17.1 billion in 2014/15, R18.5 billion in 2015/16 and R20.4 billion in 2016/17 for the direct human settlements development grant
- R1.9 billion over the MTEF on the indirect human settlements development grant for bucket eradication
- R32.3 billion over the MTEF period for the urban settlements development grant
- R113.1 million in 2014/15, R118.3 million in 2015/16 and R124.5 million in 2016/17 for the rural household infrastructure grant
- R3.3 billion over the MTEF period for the capital transfer to the Social Housing Regulatory Authority for medium density rental housing.

## Departmental receipts

Table 31.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
<b>Departmental receipts</b>	<b>2 826</b>	<b>610</b>	<b>1 039</b>	<b>6 584</b>	<b>6 584</b>	<b>32.6%</b>	<b>100.0%</b>	<b>630</b>	<b>652</b>	<b>689</b>	<b>-52.9%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>121</b>	<b>300</b>	<b>168</b>	<b>184</b>	<b>184</b>	<b>15.0%</b>	<b>7.0%</b>	<b>186</b>	<b>199</b>	<b>211</b>	<b>4.7%</b>	<b>9.1%</b>
Sales by market establishments	35	196	47	50	50	12.6%	3.0%	54	58	62	7.4%	2.6%
of which:												
Parking	35	196	47	50	50	12.6%	3.0%	54	58	62	7.4%	2.6%
Administration fees	86	104	120	134	134	15.9%	4.0%	131	139	146	2.9%	6.4%
of which:												
Commissions on insurance	86	104	120	134	134	15.9%	4.0%	131	139	146	2.9%	6.4%
Other sales	-	-	1	-	-	-	-	1	2	3	-	0.1%
of which:												
Replacement of security cards	-	-	1	-	-	-	-	1	2	3	-	0.1%
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>26.0%</b>	<b>0.1%</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>-9.1%</b>	<b>0.1%</b>
of which:												
Waste paper	2	2	2	4	4	26.0%	0.1%	2	3	3	-9.1%	0.1%
<b>Interest, dividends and rent on land</b>	<b>23</b>	<b>23</b>	<b>90</b>	<b>36</b>	<b>36</b>	<b>16.1%</b>	<b>1.6%</b>	<b>61</b>	<b>63</b>	<b>66</b>	<b>22.4%</b>	<b>2.6%</b>
Interest	23	23	90	36	36	16.1%	1.6%	61	63	66	22.4%	2.6%
<b>Transactions in financial assets and liabilities</b>	<b>2 680</b>	<b>285</b>	<b>779</b>	<b>6 360</b>	<b>6 360</b>	<b>33.4%</b>	<b>91.4%</b>	<b>381</b>	<b>387</b>	<b>409</b>	<b>-59.9%</b>	<b>88.1%</b>
<b>Total</b>	<b>2 826</b>	<b>610</b>	<b>1 039</b>	<b>6 584</b>	<b>6 584</b>	<b>32.6%</b>	<b>100.0%</b>	<b>630</b>	<b>652</b>	<b>689</b>	<b>-52.9%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 31.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14						
Ministry	24.4	25.9	30.4	31.8	9.2%	8.8%	33.0	34.6	36.6	4.8%	7.7%
Departmental Management	86.7	74.4	61.6	108.8	7.9%	25.9%	101.5	106.6	113.0	1.3%	24.3%
Corporate Services	122.0	124.1	154.5	205.9	19.1%	47.3%	207.4	215.6	228.1	3.5%	48.5%
Property Management	23.1	17.6	20.4	34.4	14.2%	7.5%	36.0	37.7	39.9	5.1%	8.4%
Financial Management	30.1	29.7	33.7	41.5	11.3%	10.5%	48.0	51.1	54.5	9.5%	11.0%
<b>Total</b>	<b>286.4</b>	<b>271.6</b>	<b>300.6</b>	<b>422.4</b>	<b>13.8%</b>	<b>100.0%</b>	<b>425.9</b>	<b>445.6</b>	<b>472.0</b>	<b>3.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			-	-	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>276.9</b>	<b>268.8</b>	<b>296.9</b>	<b>415.3</b>	<b>14.5%</b>	<b>98.2%</b>	<b>423.2</b>	<b>442.9</b>	<b>469.1</b>	<b>4.1%</b>	<b>99.1%</b>
Compensation of employees	120.4	128.5	134.7	179.4	14.2%	43.9%	191.7	205.5	219.1	6.9%	45.1%
Goods and services	156.4	140.2	162.2	235.9	14.7%	54.2%	231.5	237.4	250.0	2.0%	54.1%
of which:											
Computer services	26.8	7.7	32.2	49.6	22.8%	9.1%	51.2	52.2	55.0	3.5%	11.8%
Consultants and professional services:	54.6	40.0	24.5	53.9	-0.4%	13.5%	46.9	48.8	51.6	-1.5%	11.4%
Business and advisory services											
Operating leases	24.7	17.7	16.8	34.5	11.7%	7.3%	36.1	37.8	40.0	5.1%	8.4%
Travel and subsistence	17.5	25.8	27.8	20.4	5.3%	7.1%	22.4	23.0	24.1	5.6%	5.1%
Interest and rent on land	0.1	0.1	-	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>68.7%</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>24.2%</b>	<b>-</b>
Households	0.0	0.1	0.1	0.0	68.7%	-	-	0.0	0.0	24.2%	-
<b>Payments for capital assets</b>	<b>9.4</b>	<b>2.7</b>	<b>3.5</b>	<b>7.1</b>	<b>-9.2%</b>	<b>1.8%</b>	<b>2.7</b>	<b>2.7</b>	<b>2.9</b>	<b>-26.1%</b>	<b>0.9%</b>
Machinery and equipment	9.1	2.7	3.5	6.6	-9.9%	1.7%	2.5	2.5	2.6	-26.9%	0.8%
Software and other intangible assets	0.4	0.0	0.0	0.4	5.5%	0.1%	0.2	0.3	0.3	-14.8%	0.1%
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>286.4</b>	<b>271.6</b>	<b>300.6</b>	<b>422.4</b>	<b>13.8%</b>	<b>100.0%</b>	<b>425.9</b>	<b>445.6</b>	<b>472.0</b>	<b>3.8%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	1.5%	1.2%	1.2%	1.5%			1.4%	1.4%	1.4%		

### Personnel information

Table 31.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
<b>Administration</b>																			
Salary level	457	-	421	134.7	0.3	386	179.4	0.5	457	191.7	0.4	457	205.5	0.4	457	219.1	0.5	5.8%	100.0%
1 - 6	153	-	163	25.0	0.2	143	29.0	0.2	153	30.7	0.2	153	32.8	0.2	153	35.0	0.2	2.3%	34.3%
7 - 10	188	-	161	45.9	0.3	150	63.7	0.4	188	69.1	0.4	188	73.9	0.4	188	78.6	0.4	7.8%	40.6%
11 - 12	62	-	52	25.5	0.5	49	35.5	0.7	62	38.6	0.6	62	41.6	0.7	62	44.6	0.7	8.2%	13.4%
13 - 16	52	-	43	34.8	0.8	42	47.2	1.1	52	49.4	0.9	52	52.9	1.0	52	56.4	1.1	7.4%	11.3%
Other	2	-	2	3.5	1.7	2	4.0	2.0	2	4.0	2.0	2	4.2	2.1	2	4.5	2.3	-	0.5%

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

2. Rand million.

### Expenditure trends

The spending focus over the medium term will be on providing operational support services to the department, including strengthening the department's financial management capability and ensuring adequate office space to accommodate employees as the department completes its organisational restructuring. The *Corporate Services* subprogramme, which provides administrative support to the department, including centralised advertising and computer services, is the largest spending item in the programme. Expenditure on advertising was reduced due to cost saving measures in 2009/10, but has increased significantly since 2012/13 as the department intensified its marketing strategy of informing households about the various housing programmes and government's

delivery performance. Spending on computer services is primarily for the upgrading and maintenance of the housing subsidy and logistical information systems to improve the department's management information services.

Expenditure on consultants between 2010/11 and 2016/17 relates to the investigations undertaken by the Special Investigations Unit into the fraudulent issuing of low income housing subsidies and the construction of houses. The decline in expenditure on consultants in 2011/12 and 2012/13 was as a result of inefficient billing systems at the Special Investigations Unit. Expenditure on consultants is expected to increase over the MTEF period as the department augments its internal audit capability.

The need to provide additional office accommodation for the expanding staff complement led to increased spending in the *Property Management* subprogramme in 2012/13 and 2013/14. However, delays in finalising the lease caused underspending in this subprogramme in 2010/11 and 2012/13.

The number of filled posts in this programme is expected to increase from 421 in 2012/13, when the department's organisational restructuring process was completed, to 457 by 2016/17. Spending on compensation of employees amounts to 42.5 per cent of the programme's expenditure in 2013/14. Growth in spending on compensation of employees over the MTEF period is largely driven by personnel growth, and cost of living adjustments. As a result, expenditure on compensation of employees is expected to grow at an average annual rate of 6.9 per cent over the medium term.

## Programme 2: Human Settlements Policy, Strategy and Planning

### Objectives

- Provide policy and implementation guidance to provinces and municipalities by developing and maintaining policy frameworks, and norms and standards for human settlements development on a continual basis.
- Facilitate sustainable human settlements development by drafting a new green paper on human settlements by 2015 and amending the related legislation by 2018.
- Improve integrated planning by developing a sustainable human settlements planning framework on an annual basis.
- Oversee the implementation of human settlements programmes and related projects by managing and monitoring programmes in terms of the human settlements planning frameworks and processes on an ongoing basis.
- Improve the development of sustainable human settlements by facilitating the accreditation of 27 municipalities to administer national housing and human settlements programmes by 2015.
- Improve cooperation and collaboration in the sector by facilitating an environment for cohesive intergovernmental and sector wide relationships with all stakeholders in the human settlements value chain on an ongoing basis.

### Subprogrammes

- *Management for Policy, Strategy and Planning* provides strategic leadership to the programme. The budget of R5.8 million was largely spent on personnel for the offices of the deputy directors-general for *Human Settlements Policy Frameworks*, and *Human Settlements Strategy and Planning*. This subprogramme had a staff complement of 3 at the end of November 2013.
- *Human Settlements Policy Frameworks* manages the development of the National Housing Code, provides advisory services to provinces and municipalities in relation to the application of the code, and facilitates the accreditation and assignment of the housing function to municipalities. In 2012/2013, R4.5 million was spent on delivering the capacity assessments of 27 municipalities for level 1 and 2 accreditations. This subprogramme had a staff complement of 31 and a vacancy rate of 26 per cent at the end of November 2013.
- *Human Settlements Strategy and Planning* manages the research, development and evaluation of the human settlements strategy at a national level; manages the human settlements planning system; and communicates the national human settlements development plan to sector stakeholders through the implementation of international and intergovernmental programmes and plans. In 2012/13, R1 million was spent on supporting

the work of the United Nations Human Settlements Programme. This subprogramme had a staff complement of 38 and a vacancy rate of 49 per cent at the end of November 2013.

## Expenditure estimates

**Table 31.7 Human Settlements Policy, Strategy and Planning**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Management for Policy, Strategy and Planning	2.4	2.0	2.2	5.8	34.4%	4.8%	6.1	6.5	6.9	5.9%	6.9%
Human Settlements Policy Frameworks	15.4	23.5	27.8	27.8	21.7%	37.1%	29.7	31.4	33.4	6.3%	33.2%
Human Settlements Strategy and Planning	28.3	35.5	33.3	50.4	21.2%	58.0%	53.7	56.4	60.0	6.0%	59.9%
<b>Total</b>	<b>46.2</b>	<b>60.9</b>	<b>63.2</b>	<b>84.1</b>	<b>22.1%</b>	<b>100.0%</b>	<b>89.4</b>	<b>94.3</b>	<b>100.3</b>	<b>6.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			-	-	-		

### Economic classification

	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
<b>Current payments</b>	<b>44.8</b>	<b>60.0</b>	<b>61.0</b>	<b>81.6</b>	<b>22.1%</b>	<b>97.3%</b>	<b>87.7</b>	<b>92.6</b>	<b>98.5</b>	<b>6.5%</b>	<b>97.9%</b>
Compensation of employees	27.6	30.7	33.3	57.7	27.9%	58.7%	63.6	68.1	72.6	7.9%	71.2%
Goods and services	17.2	29.4	27.7	23.9	11.6%	38.6%	24.1	24.5	25.9	2.8%	26.7%
of which:											
Computer services	0.0	0.0	-	0.0	-3.7%	-	0.1	0.1	0.1	21.4%	0.1%
Consultants and professional services: Business and advisory services	3.4	12.4	8.5	5.3	16.3%	11.6%	5.4	5.3	5.5	1.2%	5.8%
Operating leases	0.1	0.1	-	-	-100.0%	0.1%	-	-	-	-	-
Travel and subsistence	6.7	10.4	12.4	8.2	6.6%	14.8%	9.4	9.5	10.1	7.5%	10.1%
<b>Transfers and subsidies</b>	<b>0.9</b>	<b>0.5</b>	<b>1.8</b>	<b>1.6</b>	<b>21.1%</b>	<b>1.8%</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>	<b>-7.9%</b>	<b>1.4%</b>
Foreign governments and international organisations	0.7	0.5	1.3	1.6	31.3%	1.6%	1.1	1.2	1.2	-7.9%	1.4%
Non-profit institutions	-	-	0.4	-	-	0.2%	-	-	-	-	-
Households	0.2	-	0.1	-	-100.0%	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.9</b>	<b>36.4%</b>	<b>0.8%</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>-11.1%</b>	<b>0.7%</b>
Machinery and equipment	0.4	0.4	0.4	0.9	36.4%	0.8%	0.6	0.6	0.6	-11.1%	0.7%
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>46.2</b>	<b>60.9</b>	<b>63.2</b>	<b>84.1</b>	<b>22.1%</b>	<b>100.0%</b>	<b>89.4</b>	<b>94.3</b>	<b>100.3</b>	<b>6.1%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.2%	0.3%	0.3%	0.3%			0.3%	0.3%	0.3%		

### Details of selected transfers and subsidies

Foreign governments and international organisations											
Current											
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
Habitat Foundation	0.7	0.5	0.9	1.1	15.4%	1.2%	1.1	1.2	1.2	4.9%	1.2%
City Alliance	-	-	0.4	0.5	-	0.4%	-	-	-	-100.0%	0.1%

## Personnel information

**Table 31.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Human Settlements Policy, Strategy and Planning	Salary level	Number of posts estimated for 31 March 2014	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number			
					Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)		
					2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17	
					Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost		
	120	-	88	33.3	0.4	72	57.7	0.8	120	63.6	0.5	120	68.1	0.6	120	72.6	0.6	18.6%	100.0%	
	1-6	14	-	14	2.4	0.2	6	2.7	0.4	14	2.9	0.2	14	3.1	0.2	14	3.3	0.2	32.6%	11.1%
	7-10	48	-	29	7.8	0.3	24	16.1	0.7	48	17.2	0.4	48	18.4	0.4	48	19.6	0.4	26.0%	38.9%
	11-12	35	-	28	11.6	0.4	26	20.0	0.8	35	21.7	0.6	35	23.2	0.7	35	24.7	0.7	10.4%	30.3%
	13-16	23	-	17	11.5	0.7	16	18.9	1.2	23	21.9	1.0	23	23.4	1.0	23	25.0	1.1	12.9%	19.7%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing a responsive policy framework, which will enable sector stakeholders to respond proactively to the national development plan. A key activity to set the sector on the right trajectory to achieve the milestones set out in the plan's Vision 2030 is the development of a green paper for human settlements by 2015/16. Over the medium term, a monitoring framework for spatial targeting is expected to be developed, together with norms and standards for spatial development.

The increase in expenditure in the *Human Settlements Policy Frameworks* subprogramme between 2010/11 and 2012/13 was as a result of the capacity and compliance assessments undertaken to assign the administration of housing and human settlements programmes to municipalities. These assessments drive expenditure on consultants in the programme. In 2011/12, spending on consultants increased significantly, due to the accelerated focus on assessing the capacity of the six metropolitan municipalities expected to be assigned the function for the administration of housing programmes in 2014. Spending on consultants is expected to decrease over the MTEF period as programme evaluations in terms of the national evaluation plan are completed.

Compensation of employees, which made up 68.7 per cent of the programme budget in 2013/14, highlights the importance of human resources in delivering on the department's policy making responsibilities in terms of the Housing Act (1997). Expenditure on compensation of employees is expected to increase at an average annual rate of 7.9 per cent over the medium term as the department aims to improve the programme's vacancy rate, which was 40 per cent at the end of November 2013. The 48 vacant positions in 2013/14 were due to normal attrition and the length of time it takes to finalise the recruitment process. These positions are set to be filled in 2014/15.

## Programme 3: Programme Delivery Support

### Objectives

- Ensure effective delivery and performance of human settlements programmes by monitoring and evaluating expenditure and performance of public entities, provinces and municipalities by conducting reviews, workshops and site visits on a quarterly basis.
- Improve the delivery rate of housing projects, including blocked projects and informal settlement upgrading projects, by providing technical support to provinces and municipalities in the planning and implementation of strategic programmes and projects on an ongoing basis.
- Facilitate the upgrading of informal settlements by providing support to 53 municipalities through the implementation of the national upgrading support programme over the medium term.
- Ensure progress towards universal access to sanitation by providing on-site sanitation to rural households and monitoring the implementation of the rural sanitation programme on an ongoing basis.
- Ensure effective governance in public entities reporting to the Minister of Human Settlements, through the monitoring of public entities in terms of the department's governance framework on an ongoing basis.

### Subprogrammes

- *Management for Programme Delivery Support* provides strategic leadership to the programme. This subprogramme had a staff complement of 2 at the end of November 2013.
- *Programme Management Unit* provides support to provinces and municipalities for the implementation of housing and human settlement projects and programmes, including project level technical assistance for the upgrading of informal settlements, support for strategic projects and the implementation of the rural sanitation programme. The subprogramme also monitors, evaluates and assesses the performance of human settlements projects, policies and programmes. In 2012/13, R1.6 million was spent on providing informal settlement upgrading support to 20 municipalities. By September 2013/14, 33 municipalities had been provided with technical support for the upgrading of informal settlements. This subprogramme had a staff complement of 116 and a vacancy rate of 36 per cent at the end of November 2013.
- *Chief of Operations* provides regulatory, strategic and policy oversight to the public entities, manages the development of sector specific technical skills through human settlements skills development programmes, develops national technical skills development strategies and manages the scholarship programme. In

2012/13, R13.8 million was spent on bursaries for 184 students. This subprogramme had a staff complement of 47 and a vacancy rate of 25 per cent at the end of November 2013.

## Expenditure estimates

**Table 31.9 Programme Delivery Support**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Management for Programme Delivery Support	6.5	4.3	3.1	3.5	-18.4%	2.2%	6.7	7.0	7.4	28.1%	2.1%
Programme Management Unit	108.6	125.2	85.7	208.0	24.2%	66.7%	240.5	248.3	262.3	8.0%	80.4%
Chief of Operations	49.4	61.0	85.5	50.2	0.5%	31.1%	51.3	52.4	55.7	3.5%	17.6%
<b>Total</b>	<b>164.6</b>	<b>190.5</b>	<b>174.4</b>	<b>261.7</b>	<b>16.7%</b>	<b>100.0%</b>	<b>298.5</b>	<b>307.7</b>	<b>325.4</b>	<b>7.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(17.0)			-	-	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>107.0</b>	<b>149.7</b>	<b>156.3</b>	<b>251.7</b>	<b>33.0%</b>	<b>84.0%</b>	<b>289.0</b>	<b>297.8</b>	<b>314.8</b>	<b>7.7%</b>	<b>96.6%</b>
Compensation of employees	59.8	69.8	67.0	107.7	21.7%	38.5%	117.0	125.3	133.6	7.4%	40.5%
Goods and services	47.2	79.8	89.3	144.0	45.0%	45.5%	172.0	172.5	181.2	8.0%	56.1%
of which:											
Computer services	0.9	5.1	0.3	1.9	27.4%	1.0%	2.0	2.1	2.2	4.7%	0.7%
Consultants and professional services:	16.8	47.7	65.0	107.1	85.3%	29.9%	131.1	130.9	137.6	8.7%	42.5%
Business and advisory services											
Operating leases	0.3	0.2	-	0.8	36.2%	0.2%	0.3	0.3	0.3	-27.1%	0.1%
Travel and subsistence	15.9	19.4	16.2	14.4	-3.2%	8.3%	17.2	17.3	18.2	8.1%	5.6%
<b>Transfers and subsidies</b>	<b>9.9</b>	<b>8.0</b>	<b>17.0</b>	<b>8.0</b>	<b>-6.7%</b>	<b>5.4%</b>	<b>8.4</b>	<b>8.7</b>	<b>9.4</b>	<b>5.3%</b>	<b>2.9%</b>
Higher education institutions	-	-	3.1	3.7	-	0.9%	3.9	4.1	4.5	6.0%	1.4%
Households	9.9	8.0	13.9	4.3	-24.4%	4.5%	4.5	4.6	4.9	4.7%	1.5%
<b>Payments for capital assets</b>	<b>47.7</b>	<b>32.9</b>	<b>1.1</b>	<b>2.0</b>	<b>-65.1%</b>	<b>10.6%</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>	<b>-15.6%</b>	<b>0.5%</b>
Buildings and other fixed structures	46.9	32.3	-	-	-100.0%	10.0%	-	-	-	-	-
Machinery and equipment	0.8	0.6	1.1	2.0	36.2%	0.6%	1.1	1.2	1.2	-14.9%	0.5%
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>164.6</b>	<b>190.5</b>	<b>174.4</b>	<b>261.7</b>	<b>16.7%</b>	<b>100.0%</b>	<b>298.5</b>	<b>307.7</b>	<b>325.4</b>	<b>7.5%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.9%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.9%</b>			<b>1.0%</b>	<b>0.9%</b>	<b>0.9%</b>		
<b>Details of transfers and subsidies</b>											
Higher education institutions											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>3.1</b>	<b>3.7</b>	<b>-</b>	<b>0.9%</b>	<b>3.9</b>	<b>4.1</b>	<b>4.5</b>	<b>6.0%</b>	<b>1.4%</b>
Nelson Mandela Metropolitan University	-	-	3.1	3.7	-	0.9%	3.9	4.1	4.5	6.0%	1.4%
Households											
<b>Other transfers to households</b>	<b>9.9</b>	<b>8.0</b>	<b>13.9</b>	<b>4.3</b>	<b>-24.4%</b>	<b>4.5%</b>	<b>4.5</b>	<b>4.6</b>	<b>4.9</b>	<b>4.7%</b>	<b>1.5%</b>
Bursaries for non-employees	9.6	8.0	13.8	4.2	-24.1%	4.5%	4.5	4.6	4.9	5.0%	1.5%
Gifts	0.0	-	-	-	-100.0%	-	-	-	-	-	-
Transfers to households	0.2	-	0.0	0.0	-41.6%	-	-	-	-	-100.0%	-

## Personnel information

**Table 31.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Programme Delivery Support	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost							
Salary level	249	-	170	67.0	0.4	164	107.7	0.7	249	117.0	0.5	249	125.3	0.5	249	133.6	0.5	14.9%	100.0%
1 - 6	40	-	24	4.1	0.2	17	7.9	0.5	40	8.5	0.2	40	9.1	0.2	40	9.7	0.2	33.0%	15.0%
7 - 10	124	-	91	29.1	0.3	90	44.8	0.5	124	47.8	0.4	124	51.2	0.4	124	54.5	0.4	11.3%	50.7%
11 - 12	57	-	40	21.5	0.5	42	31.0	0.7	57	34.2	0.6	57	36.6	0.6	57	39.0	0.7	10.7%	23.4%
13 - 16	28	-	15	12.3	0.8	15	24.0	1.6	28	26.6	1.0	28	28.5	1.0	28	30.4	1.1	23.1%	10.9%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on: providing project level technical assistance to 53 municipalities through the national upgrading support programme; and monitoring and managing the implementation of the rural sanitation programme, which includes capacity building for 13 municipalities that receive the indirect component of the rural household infrastructure grant. These support programmes are funded from the allocation for spending on consultants, the largest item of expenditure in goods and services in the *Programme Delivery Support* programme. Spending on consultants is expected to increase at an average annual rate of 8.7 per cent over the medium term, as upgrading plans for informal settlements are developed.

The need to monitor and report on the progress of human settlements and rural sanitation projects and monitor the performance of the department's public entities makes travel and subsistence the second largest item of expenditure in goods and services.

The decline in expenditure on buildings and other fixed structures in 2012/13 was due to the accelerated community infrastructure programme, which came to an end in that year. Combined with underspending on the national upgrading support programme, this explains the 31.5 per cent decrease in expenditure in the *Programme Management Unit* subprogramme in 2012/13. The increase in transfers to households between 2010/11 and 2012/13 is as a result of the increase in the department's scholarship programme.

Spending on compensation of employees comprises 41.2 per cent of the programme's expenditure in 2013/14. The anticipated increase in spending on this item over the MTEF period is largely driven by personnel recruitment, as the department aims to reduce the vacancy rate of 34 per cent in 2013/14. These posts were vacant due to normal attrition and the length of time it takes to finalise the recruitment process.

## Programme 4: Housing Development Finance

### Objectives

- Accelerate the delivery of housing and facilitate the development of sustainable human settlements by providing funding to provinces, municipalities and public entities from the human settlements development grant, the urban settlements development grant, the rural household infrastructure grant, as well as through transfers to public entities on a continual basis.
- Improve access to housing finance by collaborating with the private sector and related entities to develop mechanisms to increase market penetration and provide loans to low and middle income households on a continual basis.
- Ensure equity in the provision of housing finance through monitoring the lending practices of the financial sector by publishing an annual report on banks' lending practices.

### Subprogrammes

- *Management for Housing Development Finance* provides strategic leadership to the programme. This subprogramme had a staff complement of 1 at the end of November 2013.
- *Chief Investment Officer* is responsible for monitoring the spending performance of provinces and municipalities, implementing housing and human settlements programmes, mobilising and catalysing private sector financial resources for human settlements development, and monitoring and reporting on the lending patterns by financial institutions. In 2012/13, R16 million was spent on the compensation of employees. This subprogramme had a staff complement of 33 and a vacancy rate of 12 per cent at the end of November 2013.
- *Human Settlements Development Grant* reflects the conditional grant allocation that is transferred to all provinces and accredited municipalities. Funding to provinces and assigned municipalities is based on an allocation formula that takes housing needs into account. In 2012/13, R15.9 billion was spent on the delivery of 115 079 housing units and the servicing of 54 918 sites in informal settlements. By the end of December 2013, 70 362 additional housing units had been built from funding provided through the human settlements development grant.
- *Contributions* makes transfers to public entities reporting to the department, such as the Social Housing Regulatory Authority and the Housing Development Agency. Funds are transferred on the basis of ministerial approval of strategic and business plans. In 2012/13, R32 million was transferred to the Social

Housing Regulatory Authority for operational funding and R647.4 million was transferred for their restructuring capital grant. R97.5 million was transferred to the Housing Development Agency to fund operations. An additional 5 429 social housing units had been approved for investment by September 2013.

- *Rural Households Infrastructure Grant* reflects the conditional grant allocation for onsite sanitation provision in rural areas. In 2012/13, R205.6 million was spent on the delivery of 27 377 ventilated pit latrines in rural areas. By September 2013, 7 335 rural households had been provided with onsite sanitation.
- *Urban Settlements Development Grant* reflects the conditional grants transferred to municipalities for infrastructure development to support the upgrading of informal settlements and increase the provision of serviced land in metropolitan municipalities. In 2012/13, R7.4 billion was spent on providing municipal services to support the upgrading of informal settlements in metropolitan municipalities.
- *Municipal Human Settlements Capacity Grant* reflects the new conditional grant for capacity development to municipalities expected to be assigned the housing function. The aim is to facilitate a smooth transition of project administration from provinces to municipalities.

## Expenditure estimates

**Table 31.11 Housing Development Finance**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14					2013/14 - 2016/17	
Management for Housing Development Finance	0.6	1.2	1.7	3.2	73.6%	-	3.3	3.5	3.7	5.6%	-
Chief Investment Officer	10.9	14.8	17.8	20.9	24.4%	0.1%	20.8	22.1	23.4	3.9%	0.1%
Human Settlements Development Grant Contributions	13 032.1	15 121.5	15 395.0	17 028.3	9.3%	65.9%	17 983.5	19 508.0	20 409.6	6.2%	61.0%
Rural Households Infrastructure Grant	346.2	484.1	912.8	1 150.8	49.2%	3.1%	1 002.1	1 388.0	1 461.6	8.3%	4.1%
Urban Settlements Development Grant	61.6	187.4	205.6	207.3	49.8%	0.7%	113.1	118.3	124.6	-15.6%	0.5%
Municipal Human Settlements Capacity Grant	4 968.0	6 267.0	7 392.2	9 076.9	22.3%	30.1%	10 284.7	10 654.8	11 231.9	7.4%	33.6%
Total	-	-	-	-	-	-	300.0	300.0	300.0	-	0.7%
<b>Total</b>	<b>18 419.4</b>	<b>22 075.9</b>	<b>23 925.1</b>	<b>27 487.3</b>	<b>14.3%</b>	<b>100.0%</b>	<b>29 707.6</b>	<b>31 994.7</b>	<b>33 554.8</b>	<b>6.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				162.0			315.2	95.8	(35.0)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>10.4</b>	<b>15.8</b>	<b>19.4</b>	<b>23.8</b>	<b>31.7%</b>	<b>0.1%</b>	<b>24.0</b>	<b>25.4</b>	<b>27.0</b>	<b>4.4%</b>	<b>0.1%</b>
Compensation of employees	8.7	13.8	14.8	18.1	27.5%	0.1%	17.7	18.9	20.1	3.7%	0.1%
Goods and services	1.7	2.0	4.6	5.7	50.7%	-	6.3	6.5	6.9	6.4%	-
of which:											
Computer services	0.1	-	-	0.0	-71.7%	-	-	-	-	-100.0%	-
Consultants and professional services: Business and advisory services	0.0	0.0	0.9	0.6	211.3%	-	1.4	1.5	1.6	39.4%	-
Operating leases	0.1	0.0	-	0.0	-39.4%	-	0.0	0.0	0.0	7.7%	-
Travel and subsistence	0.6	1.0	1.1	1.4	32.6%	-	2.2	2.3	2.4	20.5%	-
<b>Transfers and subsidies</b>	<b>18 347.2</b>	<b>21 872.6</b>	<b>23 700.1</b>	<b>27 362.7</b>	<b>14.3%</b>	<b>99.3%</b>	<b>28 718.7</b>	<b>30 926.4</b>	<b>33 527.6</b>	<b>7.0%</b>	<b>98.2%</b>
Provinces and municipalities	18 000.1	21 388.5	22 787.2	26 212.0	13.3%	96.2%	27 716.7	29 538.3	32 066.0	7.0%	94.1%
Departmental agencies and accounts	346.2	484.1	912.8	1 150.8	49.2%	3.1%	1 002.1	1 388.0	1 461.6	8.3%	4.1%
Households	0.9	-	0.0	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>61.8</b>	<b>187.5</b>	<b>205.6</b>	<b>100.8</b>	<b>17.7%</b>	<b>0.6%</b>	<b>964.8</b>	<b>1 042.9</b>	<b>0.2</b>	<b>-87.7%</b>	<b>1.7%</b>
Buildings and other fixed structures	61.6	187.4	205.6	100.5	17.7%	0.6%	964.7	1 042.7	-	-100.0%	1.7%
Machinery and equipment	0.2	0.2	0.1	0.3	16.4%	-	0.2	0.2	0.2	-15.0%	-
<b>Total</b>	<b>18 419.4</b>	<b>22 075.9</b>	<b>23 925.1</b>	<b>27 487.3</b>	<b>14.3%</b>	<b>100.0%</b>	<b>29 707.6</b>	<b>31 994.7</b>	<b>33 554.8</b>	<b>6.9%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>97.4%</b>	<b>97.7%</b>	<b>97.8%</b>	<b>97.3%</b>			<b>97.3%</b>	<b>97.4%</b>	<b>97.4%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Capital</b>	<b>13 032.1</b>	<b>15 121.5</b>	<b>15 395.0</b>	<b>17 028.3</b>	<b>9.3%</b>	<b>65.9%</b>	<b>17 084.4</b>	<b>18 532.6</b>	<b>20 409.6</b>	<b>6.2%</b>	<b>59.5%</b>
Human settlements development grant	13 032.1	15 121.5	15 395.0	17 028.3	9.3%	65.9%	17 084.4	18 532.6	20 409.6	6.2%	59.5%
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>-</b>	<b>0.7%</b>
Municipal human settlements capacity grant	-	-	-	-	-	-	300.0	300.0	300.0	-	0.7%

Table 31.11 Housing Development Finance

Details of selected transfers and subsidies		Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
		2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million												
<b>Capital</b>		<b>4 968.0</b>	<b>6 267.0</b>	<b>7 392.2</b>	<b>9 183.6</b>	<b>22.7%</b>	<b>30.3%</b>	<b>10 332.3</b>	<b>10 705.8</b>	<b>11 356.5</b>	<b>7.3%</b>	<b>33.9%</b>
Urban settlements development grant		4 968.0	6 267.0	7 392.2	9 076.9	22.3%	30.1%	10 284.7	10 654.8	11 231.9	7.4%	33.6%
Rural households infrastructure grant		–	–	–	106.7	–	0.1%	47.6	51.0	124.6	5.3%	0.3%
<b>Departmental agencies and accounts</b>												
<b>Departmental agencies (non-business entities)</b>												
<b>Current</b>		<b>213.9</b>	<b>257.9</b>	<b>265.4</b>	<b>246.6</b>	<b>4.9%</b>	<b>1.1%</b>	<b>174.5</b>	<b>192.2</b>	<b>174.6</b>	<b>-10.9%</b>	<b>0.6%</b>
Social Housing Regulatory Authority		54.5	19.3	21.1	32.2	-16.1%	0.1%	33.5	34.6	36.4	4.2%	0.1%
Rural Housing Loan Fund		49.5	49.5	32.0	–	-100.0%	0.1%	–	–	–	–	–
Housing Development Agency		69.3	89.1	92.3	97.5	12.1%	0.4%	101.0	104.6	110.2	4.2%	0.3%
National Urban Reconstruction and Housing Agency		–	100.0	120.0	100.0	–	0.3%	–	–	–	-100.0%	0.1%
Social Housing Foundation		6.6	–	–	–	-100.0%	–	–	–	–	–	–
Community Schemes Ombud Services		–	–	–	17.0	–	–	40.0	53.0	28.0	18.1%	0.1%
Servcon Housing Solutions		34.0	–	–	–	-100.0%	–	–	–	–	–	–
<b>Capital</b>		<b>132.3</b>	<b>226.2</b>	<b>647.4</b>	<b>904.1</b>	<b>89.8%</b>	<b>2.1%</b>	<b>827.5</b>	<b>1 195.9</b>	<b>1 287.0</b>	<b>12.5%</b>	<b>3.4%</b>
Social Housing Regulatory Authority		132.3	226.2	647.4	904.1	89.8%	2.1%	827.5	1 195.9	1 287.0	12.5%	3.4%

## Personnel information

Table 31.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Housing Development Finance			20	14.8	0.7	30	18.1	0.6	35	17.7	0.5	35	18.9	0.5	35	20.1	0.6	5.3%	100.0%
Salary level	35	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1–6	1	–	–	–	–	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	–	3.0%
7–10	22	–	12	6.1	0.5	16	8.0	0.5	22	8.0	0.4	22	8.6	0.4	22	9.2	0.4	11.2%	60.7%
11–12	7	–	5	5.0	1.0	7	5.1	0.7	7	4.7	0.7	7	5.0	0.7	7	5.3	0.8	–	20.7%
13–16	5	–	3	3.7	1.2	6	4.7	0.8	5	4.8	1.0	5	5.2	1.0	5	5.5	1.1	-5.9%	15.6%

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

2. Rand million.

## Expenditure trends

The spending focus for this programme over the MTEF period will be on transferring grants to provinces and municipalities to fund the delivery of low income housing, the purchase of land to upgrade informal settlements and the upgrade of informal settlements. Total transfers to provinces and municipalities constitute 99.5 per cent of the programme's budget in 2013/14. The department's objective of accelerating delivery is reflected in the growth in expenditure in the *Human Settlements Development Grant* programme, which is expected to increase at an average annual rate of 6.2 per cent over the medium term, and the *Urban Settlements Development Grant* programme, which is expected to increase at an average annual rate of 7.4 per cent over the same period. These grants are expected to deliver 215 621 housing units, the upgrade of 92 000 serviced sites in informal settlements and acquire 7 197 hectares of land over the medium term. An additional R505 million over the medium term has been allocated for the human settlements development grant and R900 million over the same period has been reprioritised from this grant to create the municipal human settlements capacity grant. This new grant is intended to supplement the operations of metropolitan municipalities that are expected to be assigned the housing function in 2014. In addition, R1.9 billion has been earmarked for the new Cabinet approved bucket eradication programme, which aims to remove approximately 273 297 bucket toilets from households in formal and informal areas over the next two years. The allocation to Mangaung and Buffalo City municipalities in the *Urban Settlements Development Grant* subprogramme has been reduced by R130 million over the MTEF period due to underspending.

With expenditure increasing at an average annual rate of 27.1 per cent between 2010/11 and 2016/17, the *Contributions* subprogramme is the fastest growing subprogramme over the MTEF period. This growth in

spending is to support the objective of increasing the delivery of rental housing through the social housing programme. This is also the reason why the capital transfer to the Social Housing Regulatory Authority increased at an average annual rate of 89.8 per cent between 2010/11 and 2013/14. Spending on the capital restructuring grant, which is transferred to the Social Housing Regulatory Authority, is expected to increase at an average annual rate of 12.5 per cent and will deliver approximately 17 977 medium density rental housing units for households earning between R1 500 and R7 500 per month.

In 2013/14, a portion of the rural household infrastructure grant was converted to a direct grant to municipalities to strengthen municipal accountability to deliver services to households. Expenditure on the indirect component of the grant resulted in a decrease in payments of capital assets between 2011/12 and 2013/14 due to rescheduling. Over the medium term, expenditure on the grant is expected to increase from R106.7 million in 2013/14 to R124.6 million in 2016/17 and is expected to deliver approximately 37 575 ventilated pit latrines in rural areas.

Between 2010/11 and 2011/12, spending on the Chief Investment Officer subprogramme increased by 36 per cent due to the appointment of the members of the Office of Disclosure, which monitors the lending practices of the financial sector in terms of the Home Loan and Mortgage Disclosure Act (2000).

The number of personnel in this programme is expected to increase from 30 in 2013/14 to 35 in 2016/17, as the department completes the organisational restructuring process.

## Public entities and other agencies

### National Home Builders Registration Council

#### Mandate and goals

The mandate of the National Home Builders Registration Council is to protect the interests of housing consumers by providing warranty protection against defined defects in new homes, and to regulate the homebuilding industry in terms of the Housing Consumers Protection Measures Act (1998). The council provides training and capacity building to promote and ensure compliance with technical standards in the home building environment.

Over the medium term, the council's strategic goals will be to improve stakeholder interaction and market accessibility for housing consumers, to enhance the entities position to:

- provide quality services to both housing consumers and home builders
- make better use of technological building solutions
- provide training and building capacity in the home building sector.

#### Selected performance indicators

Table 31.13 National Home Builders Registration Council

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new builders registered per year	Administration	Outcome 8: Sustainable human settlements and improved quality of household life	3 650	2 686	2 935	2 975	2 885	3 029	3 180
Number of builders' memberships renewed per year	Administration		11 115	11 220	11 558	10 480	12 195	12 805	13 445
Number of additional houses enrolled in the non-subsidy sector per year	Administration		31 458	37 671	44 698	40 094	45 963	48 261	50 674
Number of new projects enrolled in the subsidy sector per year	Administration		- <sup>1</sup>	35 426	32 959	61 419	45 100	47 355	49 722
Number of additional homes enrolled in the subsidy sector per year	Administration		94 000	138 883	161 443	210 300	33 150	34 807	36 547
Number of builders suspended <sup>2</sup> per year	Legislative framework review and legal service		512	0	109	0	5 500	5 775	6 064
Percentage reduction in the building of homes outside set standards per year <sup>1</sup>	Legislative framework review and legal service		- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	80%	80%	100%	100%
Number of home builders trained per year	Home builder training and development		1 505	609	1 002	3 500	1 200	1 260	1 323
Number of inspections carried out per year (subsidy and non-subsidy)	Quality assurance		270 693	514 175	428 044	370 677	210 300	220 815	231 855

1. New indicator.

2. No builders were suspended in 2011/12 and 2013/14.

## Programmes/activities/objectives

Table 31.14 National Home Builders Registration Council

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2014/15	2015/16	2016/17			
Administration	267.0	447.0	506.5	466.7	20.5%	67.0%	565.0	579.0	602.6	8.9%	62.9%
Legislative framework review and legal service	8.8	13.0	12.7	24.3	40.4%	2.3%	26.6	27.9	29.4	6.5%	3.1%
Home builder training and development	8.9	7.1	4.1	8.2	-2.4%	1.2%	10.8	11.3	11.9	13.0%	1.2%
Quality assurance	153.1	146.0	136.5	316.7	27.4%	29.6%	262.8	276.8	291.5	-2.7%	32.8%
<b>Total expense</b>	<b>437.7</b>	<b>613.1</b>	<b>659.7</b>	<b>815.9</b>	<b>23.1%</b>	<b>100.0%</b>	<b>865.1</b>	<b>895.0</b>	<b>935.4</b>	<b>4.7%</b>	<b>100.0%</b>

## Expenditure estimates

Table 31.15 National Home Builders Registration Council

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%)		Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2014/15	2015/16	2016/17			
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>799.4</b>	<b>723.3</b>	<b>1 188.8</b>	<b>932.3</b>	<b>5.3%</b>	<b>100.0%</b>	<b>965.2</b>	<b>1 010.3</b>	<b>1 058.5</b>	<b>4.3%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	468.9	425.3	840.4	727.6	15.8%	66.5%	753.4	791.0	830.5	4.5%	78.2%
of which:											
Sales by market establishment	468.9	425.3	840.4	727.6	15.8%	66.5%	753.4	791.0	830.5	4.5%	78.2%
Insurance premium revenue	356.6	227.7	568.5	536.8	14.6%	45.4%	604.0	634.2	665.9	7.5%	61.5%
Fee revenue	31.9	58.3	42.6	61.9	24.7%	5.6%	53.1	55.8	58.5	-1.9%	5.8%
Technical services revenue	80.4	139.3	229.4	129.0	17.1%	15.6%	96.3	101.1	106.1	-6.3%	11.0%
Other non-tax revenue	330.5	298.0	348.4	204.7	-14.8%	33.5%	211.9	219.3	228.1	3.7%	21.8%
<b>Total revenue</b>	<b>799.4</b>	<b>723.3</b>	<b>1 188.8</b>	<b>932.3</b>	<b>5.3%</b>	<b>100.0%</b>	<b>965.2</b>	<b>1 010.3</b>	<b>1 058.5</b>	<b>4.3%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>436.0</b>	<b>611.1</b>	<b>659.7</b>	<b>815.9</b>	<b>23.2%</b>	<b>99.8%</b>	<b>865.1</b>	<b>895.0</b>	<b>935.4</b>	<b>4.7%</b>	<b>100.0%</b>
Compensation of employees	162.4	174.7	195.0	297.2	22.3%	32.9%	454.5	479.0	505.3	19.4%	49.1%
Goods and services	256.9	421.3	452.9	491.2	24.1%	64.1%	382.0	362.0	375.1	-8.6%	46.2%
Depreciation	16.7	15.1	11.8	27.5	18.1%	2.9%	28.5	54.0	54.9	26.0%	4.6%
Transfers and subsidies	1.7	2.0	-	-	-100.0%	0.2%	-	-	-	-	-
<b>Total expenses</b>	<b>437.7</b>	<b>613.1</b>	<b>659.7</b>	<b>815.9</b>	<b>23.1%</b>	<b>100.0%</b>	<b>865.1</b>	<b>895.0</b>	<b>935.4</b>	<b>4.7%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>362.0</b>	<b>110.0</b>	<b>529.0</b>	<b>116.0</b>	<b>-31.6%</b>		<b>100.0</b>	<b>115.0</b>	<b>123.0</b>	<b>2.0%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	58.5	48.1	76.7	331.7	78.3%	3.3%	348.4	302.4	255.4	-8.3%	7.0%
of which:											
Acquisition of assets	3.4	5.3	40.9	251.9	318.4%	1.9%	167.3	8.0	9.0	-67.1%	2.6%
Investments	3 118.8	3 693.6	3 974.4	3 576.4	4.7%	91.9%	4 071.6	4 234.3	4 398.2	7.1%	91.7%
Inventory	0.1	0.4	0.2	0.5	55.4%	0.0%	0.3	0.3	0.3	-10.9%	0.0%
Receivables and prepayments	35.6	59.1	44.2	27.2	-8.6%	1.1%	26.0	24.3	27.0	-0.2%	0.6%
Cash and cash equivalents	354.3	43.1	134.5	25.0	-58.7%	3.7%	29.2	29.1	28.4	4.3%	0.6%
<b>Total assets</b>	<b>3 567.3</b>	<b>3 844.3</b>	<b>4 230.1</b>	<b>3 960.8</b>	<b>3.5%</b>	<b>100.0%</b>	<b>4 475.5</b>	<b>4 590.3</b>	<b>4 709.3</b>	<b>5.9%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	2 407.9	2 546.9	3 057.0	2 870.6	6.0%	69.6%	3 265.7	3 381.0	3 504.1	6.9%	73.4%
Capital and reserves	42.4	55.6	29.0	50.6	6.1%	1.1%	29.0	29.0	29.0	-16.9%	0.8%
Trade and other payables	328.0	251.8	116.4	62.8	-42.4%	5.0%	164.4	163.8	159.7	36.5%	3.1%
Provisions	789.0	990.0	1 027.7	976.6	7.4%	24.2%	1 016.3	1 016.5	1 016.5	1.3%	22.8%
<b>Total equity and liabilities</b>	<b>3 567.3</b>	<b>3 844.3</b>	<b>4 230.1</b>	<b>3 960.8</b>	<b>3.5%</b>	<b>100.0%</b>	<b>4 475.5</b>	<b>4 590.3</b>	<b>4 709.3</b>	<b>5.9%</b>	<b>100.0%</b>

## Personnel information

**Table 31.16 National Home Builders Registration Council**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost
Salary level	507	507	382	195.0	0.5	507	297.2	0.6	709	454.5	0.6	709	479.0	0.7	709	505.3	0.7	19.4%	100.0%
1 – 6	26	26	15	1.9	0.1	26	2.9	0.1	32	4.1	0.1	32	4.3	0.1	32	4.6	0.1	16.1%	4.7%
7 – 10	80	80	61	15.8	0.3	80	24.1	0.3	81	27.6	0.3	81	29.0	0.4	81	30.6	0.4	8.3%	12.5%
11 – 12	283	283	241	103.7	0.4	283	158.0	0.6	445	262.7	0.6	445	276.8	0.6	445	292.1	0.7	22.7%	61.0%
13 – 16	115	115	63	69.0	1.1	115	105.1	0.9	146	147.5	1.0	146	155.4	1.1	146	164.0	1.1	16.0%	21.1%
17 – 22	3	3	2	4.7	2.3	3	7.1	2.4	5	12.7	2.5	5	13.4	2.7	5	14.1	2.8	25.6%	0.7%

1. Rand million.

### Expenditure trends

The National Home Builders Registration Council's main source of revenue is derived from the insurance premiums charged for the enrolment of homes, the fees for the registration of homebuilders, renewal fees paid by home builders, the sale of manuals, and the technical services provided to provinces. The entity's revenue is expected to increase from R932.3 million in 2013/14 to R1.1 billion in 2016/17, driven primarily by enrolment fees. The 21.6 per cent decline in revenue in 2013/14 was as a result of the completion of rectification work on behalf of the KwaZulu-Natal Department of Human Settlements.

The council's spending focus over the medium term will be on increasing the number of quality assurance inspectors, which is a key component in the improvement of the regulatory function of the entity. The largest expenditure items are agency and support services for the delivery of home inspections. Spending on goods and services increased at an average annual rate of 24.1 per cent between 2010/11 and 2013/14 as housing programmes were implemented on behalf of provinces. Over the medium term, spending on goods and services is expected to decline as a result of the work for provinces being completed. Consultants are used for ad hoc work on specialised internal audit services, legislative review, actuarial valuations, and impact analysis for the training of home builders, as well as management and council advisory services.

The personnel costs related to home inspections both in the subsidy and non-subsidy residential market are expected to continue being a significant component of the compensation of employees budget. As a result, compensation of employees is expected to increase at an average annual rate of 19.4 per cent over the medium term. This is largely due to the hiring of more inspectors as the organisational structure of the council is revised. As a result, compensation of employees is expected to increase to R454.5 million in 2014/15. At the end of November 2013, the entity had a staff complement of 507, and an increase to 709 posts in 2014/15 is expected. The entity's vacancy rate was 28.5 per cent, due to normal attrition and the length of time it takes to finalise the recruitment process in a specialised field.

Investments continue to be the largest asset on the balance sheet. This is as a result of home enrolment fees invested into the warranty fund for any claims paid to housing consumers. Provisions for operational liabilities and outstanding claims against the warranty fund are expected to be R1 billion per year over the medium term.

## National Housing Finance Corporation

### Mandate and goals

The National Housing Finance Corporation is a schedule 3A development finance institution that was established in 1996. Its primary mandate is to catalyse private sector funding to broaden and deepen access to affordable housing finance for middle and low income households. To this end, it provides wholesale funding to housing development projects and partners with banks and other non-bank retail finance intermediaries to mobilise and increase lending to the target market.

The entity's strategic goals over the medium term are to;

- provide effective housing finance solutions

- mobilise lending by financial institutions to the lower end of the housing market
- conduct business and lending processes on a sustainable basis.

## Selected performance indicators

**Table 31.17 National Housing Finance Corporation**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of housing financing opportunities created per year	Commercial finance	Outcome 8: Sustainable human settlements and improved quality of household life	1 613	4 409	5 334	4 910	1 334	4 051	5 584
Value of new loans per year (Rand thousand)	Commercial finance		55 000	87 000	170 000	119 900	20 000	89 492	135 441
Number of new loans disbursed through project finance activities per year	Project finance		5 757	5 604	7 486	4 603	5 081	5 793	6 372
Value of new loans per year (Rand thousand)	Project finance		339 000	517 000	290 000	417 889	468 036	538 864	586 917

## Programmes/activities/objectives

**Table 31.18 National Housing Finance Corporation**

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	54.2	58.2	69.0	91.5	19.0%	35.5%	172.8	217.1	234.2	36.8%	71.9%
Retail	37.2	38.8	38.7	41.5	3.7%	20.3%	11.4	10.1	11.3	-35.1%	8.9%
Commercial	37.2	38.8	46.7	37.6	0.4%	20.6%	10.0	8.1	9.1	-37.8%	7.8%
Projects	55.8	58.2	61.9	10.2	-43.3%	23.6%	35.8	31.8	35.7	52.0%	11.3%
<b>Total expense</b>	<b>184.4</b>	<b>194.1</b>	<b>216.3</b>	<b>180.7</b>	<b>-0.7%</b>	<b>100.0%</b>	<b>229.9</b>	<b>267.2</b>	<b>290.3</b>	<b>17.1%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 31.19 National Housing Finance Corporation**

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Revenue</b>	<b>244.2</b>	<b>215.3</b>	<b>235.7</b>	<b>207.4</b>	<b>-5.3%</b>	<b>100.0%</b>	<b>244.3</b>	<b>310.9</b>	<b>320.9</b>	<b>15.7%</b>	<b>100.0%</b>
<b>Non-tax revenue</b>	<b>244.2</b>	<b>215.3</b>	<b>235.7</b>	<b>207.4</b>	<b>-5.3%</b>	<b>100.0%</b>	<b>244.3</b>	<b>310.9</b>	<b>320.9</b>	<b>15.7%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	178.8	173.1	171.3	166.2	-2.4%	76.6%	214.8	277.0	282.3	19.3%	86.3%
<i>of which:</i>											
<i>Sales by market establishment</i>	178.8	173.1	171.3	166.2	-2.4%	76.6%	214.8	277.0	282.3	19.3%	86.3%
<i>Sale of Houses</i>	54.5	20.9	19.5	8.3	-46.5%	11.1%	12.0	9.4	10.3	7.2%	3.8%
<i>Interest on Advances</i>	118.9	146.2	144.8	154.0	9.0%	63.1%	198.6	263.0	267.0	20.1%	80.8%
<i>Rental Income</i>	5.4	6.0	7.0	3.9	-10.9%	2.5%	4.2	4.6	5.0	9.3%	1.7%
Other non-tax revenue	65.4	42.2	64.4	41.2	-14.3%	23.4%	29.5	33.8	38.6	-2.1%	13.7%
<b>Total revenue</b>	<b>244.2</b>	<b>215.3</b>	<b>235.7</b>	<b>207.4</b>	<b>-5.3%</b>	<b>100.0%</b>	<b>244.3</b>	<b>310.9</b>	<b>320.9</b>	<b>15.7%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>168.8</b>	<b>178.4</b>	<b>204.6</b>	<b>168.2</b>	<b>-0.1%</b>	<b>92.8%</b>	<b>222.0</b>	<b>249.7</b>	<b>279.4</b>	<b>18.4%</b>	<b>94.8%</b>
Compensation of employees	70.1	78.0	80.8	71.2	0.5%	38.7%	76.5	75.8	82.0	4.9%	32.3%
Goods and services	96.7	98.4	105.3	72.2	-9.3%	47.9%	105.7	110.2	135.3	23.3%	43.5%
Depreciation	0.9	0.9	0.7	1.5	17.8%	0.5%	1.0	1.2	1.2	-7.9%	0.5%
Interest, dividends and rent on land	1.0	1.2	17.8	23.3	184.2%	5.6%	38.7	62.4	60.9	37.8%	18.5%
<b>Total expenses</b>	<b>168.8</b>	<b>178.4</b>	<b>204.6</b>	<b>168.2</b>	<b>-0.1%</b>	<b>92.8%</b>	<b>222.0</b>	<b>249.7</b>	<b>279.4</b>	<b>18.4%</b>	<b>94.8%</b>
<b>Surplus/(Deficit)</b>	<b>60.0</b>	<b>21.0</b>	<b>19.0</b>	<b>27.0</b>	<b>-23.4%</b>		<b>14.0</b>	<b>44.0</b>	<b>31.0</b>	<b>4.7%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	73.2	74.6	80.2	83.0	4.3%	2.3%	83.9	82.5	80.0	-1.2%	2.1%
<i>of which:</i>											
<i>Acquisition of assets</i>	1.1	1.0	0.6	-	-100.0%	0.0%	-	-	-	-	-
Investments	979.7	1 180.8	1 155.6	1 151.2	5.5%	32.5%	1 078.6	1 132.6	1 139.9	-0.3%	28.9%
Inventory	64.0	63.9	82.4	157.7	35.1%	2.6%	169.8	71.3	53.1	-30.4%	2.9%
Loans	1 562.8	1 831.1	1 926.2	2 179.4	11.7%	54.5%	2 567.7	2 622.7	2 583.0	5.8%	63.6%
Receivables and prepayments	66.4	16.1	33.8	35.7	-18.6%	1.1%	32.3	33.6	36.2	0.4%	0.9%
Cash and cash equivalents	215.8	282.0	350.9	12.9	-60.9%	6.3%	16.2	71.4	80.2	83.8%	1.1%
Taxation	28.6	9.2	22.7	18.0	-14.3%	0.6%	18.0	18.0	18.0	-	0.5%
<b>Total assets</b>	<b>2 990.5</b>	<b>3 457.8</b>	<b>3 651.8</b>	<b>3 637.9</b>	<b>6.8%</b>	<b>100.0%</b>	<b>3 966.5</b>	<b>4 032.1</b>	<b>3 990.4</b>	<b>3.1%</b>	<b>100.0%</b>

**Table 31.19 National Housing Finance Corporation**

Statement of financial position	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
	R million										
Accumulated surplus/(deficit)	1 196.6	1 217.1	1 244.8	1 258.1	1.7%	36.0%	1 272.6	1 316.3	1 346.9	2.3%	33.3%
Capital and reserves	1 080.0	1 080.0	1 080.0	1 084.0	0.1%	31.7%	1 084.0	1 084.0	1 084.0	-	27.8%
Borrowings	65.3	438.3	217.7	398.2	82.7%	7.9%	707.3	729.1	672.9	19.1%	15.9%
Trade and other payables	9.7	7.8	14.7	22.9	33.1%	0.4%	28.3	28.7	12.9	-17.5%	0.6%
Taxation	-	-	5.6	5.3	-	0.1%	5.1	5.1	5.1	-1.7%	0.1%
Provisions	12.9	17.1	18.0	12.4	-1.4%	0.4%	12.3	12.0	11.7	-2.0%	0.3%
Managed funds (e.g. poverty alleviation fund)	626.0	697.5	856.9	856.9	11.0%	22.0%	856.9	856.9	856.9	-	22.0%
Derivatives financial instruments	-	-	214.2	-	-	1.5%	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>2 990.5</b>	<b>3 457.8</b>	<b>3 651.8</b>	<b>3 637.9</b>	<b>6.8%</b>	<b>100.0%</b>	<b>3 966.5</b>	<b>4 032.1</b>	<b>3 990.4</b>	<b>3.1%</b>	<b>100.0%</b>

## Personnel information

**Table 31.20 National Housing Finance Corporation**

Salary level	Number of funded posts	Number of posts on approved establishment	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment														Number		
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost
			Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost	
	86	86	88	80.8	0.9	86	71.2	0.8	86	76.5	0.9	86	75.8	0.9	86	82.0	1.0	4.9%	100.0%
1 – 6	2	2	2	0.3	0.2	2	0.3	0.2	2	0.3	0.2	2	0.3	0.2	2	0.3	0.2	5.0%	2.3%
7 – 10	24	24	28	11.0	0.4	24	9.7	0.4	24	10.2	0.4	24	9.7	0.4	24	10.2	0.4	1.6%	27.9%
11 – 12	24	24	21	16.6	0.8	24	14.6	0.6	24	15.3	0.6	24	13.9	0.6	24	14.6	0.6	-0.0%	27.9%
13 – 16	36	36	37	52.9	1.4	36	46.6	1.3	36	50.6	1.4	36	51.9	1.4	36	56.9	1.6	6.9%	41.9%

1. Rand million.

## Expenditure trends

Between 2010/11 and 2013/14, the National Housing Finance Corporation's total revenue decreased as a result of the contraction in the housing market. The corporation is expected to increase revenue at an average annual rate of 15.7 per cent over the medium term, from R207.4 million in 2013/14 to R320.9 million in 2016/17, largely due to increases in the interest margin earned on loans disbursed. In 2014/15, 81 per cent of revenue is expected to be generated from this interest.

The main spending focus for the corporation will be on facilitating the development of housing opportunities by providing commercial and project financing. The entity's largest spending items are on the provision for losses from financial assets and interest on borrowings. Spending is expected to increase from R180.7 million in 2013/14 to R290.3 million in 2016/17, at an average annual rate of 17.1 per cent, and is expected to deliver a value of R1.6 billion project loans, R197 million mortgage loans and R245 million incremental loans. Goods and services expenditure is driven by loss adjustments on the loan book and spending on consultants, who supplement employee expertise in conducting due diligences on funding proposals, and internal audit and IT support services. As a result, expenditure on goods and services is expected to increase at an average annual rate of 23.3 per cent over the MTEF period.

Spending on compensation of employees is expected to increase at an average annual rate of 4.9 per cent, and is related to annual inflationary increments between 2013/14 and 2016/17. The entity had a staff complement of 86 at the end of November 2013. It is expected to remain constant over the medium term.

## Social Housing Regulatory Authority

### Mandate and goals

The Social Housing Regulatory Authority was established in 2010 in terms of the Social Housing Act (2008). The entity is mandated to regulate the social housing sector, and to ensure a sustainable and regulated flow of investment into social housing by providing capital grants to accredited social housing institutions.

The entity's strategic goal over the medium term is to provide a transparent and credible investment and regulatory environment for the social housing sector.

### Selected performance indicators

**Table 31.21 Social Housing Regulatory Authority**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of social housing units approved for investment per year	Regulation of social housing sector	Outcome 8: Sustainable human settlements and improved quality of household life	1 041	4 214	10 441	5 429	5 668	5 979	6 330
Number of social housing institutions assessed for accreditation per year	Social housing investment programme		33	40	53	50	50	70	70
Number of social housing institutions inspected per year	Social housing investment programme		-1	2	19	20	20	30	30

1. As the Social Housing Regulatory Authority was established in 2010/11, it would take a year for applications to be received and processed before the inspections can be performed.

### Programmes/activities/objectives

**Table 31.22 Social Housing Regulatory Authority**

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
Administration	8.7	39.9	43.3	29.4	50.2%	7.4%	32.0	33.0	34.8	5.7%	3.1%
Social housing investment programme	46.4	458.6	887.0	831.7	161.7%	86.2%	759.3	1 097.1	1 183.0	12.5%	90.1%
Regulation of social housing sector	4.2	40.6	77.8	27.5	86.5%	6.4%	69.8	100.3	105.6	56.6%	6.8%
<b>Total expense</b>	<b>59.3</b>	<b>539.2</b>	<b>1 008.1</b>	<b>888.6</b>	<b>146.5%</b>	<b>100.0%</b>	<b>861.0</b>	<b>1 230.4</b>	<b>1 323.4</b>	<b>14.2%</b>	<b>100.0%</b>

### Expenditure estimates

**Table 31.23 Social Housing Regulatory Authority**

Statement of financial performance											
R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>0.8</b>	<b>225.1</b>	<b>450.6</b>	-	-100.0%	22.1%	-	-	-	-	-
Other non-tax revenue	0.8	225.1	450.6	-	-100.0%	22.1%	-	-	-	-	-
<b>Transfers received</b>	<b>186.8</b>	<b>245.5</b>	<b>668.5</b>	<b>936.3</b>	<b>71.1%</b>	<b>77.9%</b>	<b>861.0</b>	<b>1 230.4</b>	<b>1 323.4</b>	<b>12.2%</b>	<b>100.0%</b>
<b>Total revenue</b>	<b>187.6</b>	<b>470.6</b>	<b>1 119.1</b>	<b>936.3</b>	<b>70.9%</b>	<b>100.0%</b>	<b>861.0</b>	<b>1 230.4</b>	<b>1 323.4</b>	<b>12.2%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>9.6</b>	<b>43.0</b>	<b>46.2</b>	<b>30.7</b>	<b>47.6%</b>	<b>8.0%</b>	<b>33.5</b>	<b>34.6</b>	<b>36.4</b>	<b>5.8%</b>	<b>3.2%</b>
Compensation of employees	0.8	10.9	16.0	16.6	178.7%	1.7%	17.5	18.5	19.5	5.4%	1.7%
Goods and services	8.8	31.1	28.6	13.0	13.8%	6.2%	14.9	15.4	16.2	7.7%	1.4%
Depreciation	-	0.9	1.6	1.1	-	0.1%	1.0	0.7	0.7	-12.5%	0.1%
<b>Transfers and subsidies</b>	<b>49.8</b>	<b>496.2</b>	<b>961.9</b>	<b>857.9</b>	<b>158.3%</b>	<b>92.0%</b>	<b>827.5</b>	<b>1 195.9</b>	<b>1 287.0</b>	<b>14.5%</b>	<b>96.8%</b>
<b>Total expenses</b>	<b>59.3</b>	<b>539.2</b>	<b>1 008.1</b>	<b>888.6</b>	<b>146.5%</b>	<b>100.0%</b>	<b>861.0</b>	<b>1 230.4</b>	<b>1 323.4</b>	<b>14.2%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>128.0</b>	<b>(69.0)</b>	<b>111.0</b>	<b>48.0</b>	<b>-27.9%</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	

**Table 31.23 Social Housing Regulatory Authority**

Statement of financial position		Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
		2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million												
Carrying value of assets		1.3	3.6	3.5	5.3	62.0%	5.5%	4.5	3.6	2.9	-18.8%	10.1%
of which:												
Acquisition of assets		1.1	3.4	1.5	1.1	0.7%	2.4%	0.9	-	-	-100.0%	1.2%
Receivables and prepayments		0.3	0.6	0.6	0.6	31.6%	0.7%	0.6	0.6	0.6	-	1.5%
Cash and cash equivalents		129.2	59.1	178.6	34.5	-35.6%	93.8%	36.5	35.5	35.5	1.0%	88.4%
<b>Total assets</b>		<b>130.7</b>	<b>63.3</b>	<b>182.7</b>	<b>40.4</b>	<b>-32.4%</b>	<b>100.0%</b>	<b>41.6</b>	<b>39.7</b>	<b>39.0</b>	<b>-1.2%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)		128.3	59.6	170.6	38.9	-32.8%	95.5%	40.2	38.6	37.8	-0.9%	96.8%
Trade and other payables		2.5	3.7	12.0	1.6	-14.4%	4.5%	1.4	1.1	1.1	-10.3%	3.2%
<b>Total equity and liabilities</b>		<b>130.7</b>	<b>63.3</b>	<b>182.7</b>	<b>40.4</b>	<b>-32.4%</b>	<b>100.0%</b>	<b>41.6</b>	<b>39.7</b>	<b>39.0</b>	<b>-1.2%</b>	<b>100.0%</b>

**Personnel information****Table 31.24 Social Housing Regulatory Authority**

	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						2013/14 - 2016/17	Average growth rate (%)	Salary level/total: Average (%)		
			2012/13		2013/14		2014/15		2015/16		2016/17								
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary level	29	38	29	16.0	0.6	29	16.6	0.6	38	17.5	0.5	38	18.5	0.5	38	19.5	0.5	5.4%	100.0%
7 - 10	10	11	10	2.5	0.2	10	2.3	0.2	11	2.4	0.2	11	2.5	0.2	11	2.6	0.2	5.4%	30.3%
11 - 12	5	11	5	1.2	0.2	5	1.1	0.2	11	1.2	0.1	11	1.3	0.1	11	1.3	0.1	5.4%	26.0%
13 - 16	12	14	12	9.2	0.8	12	9.8	0.8	14	10.3	0.7	14	10.9	0.8	14	11.5	0.8	5.4%	38.0%
17 - 22	2	2	2	3.1	1.5	2	3.5	1.7	2	3.6	1.8	2	3.8	1.9	2	4.0	2.0	5.4%	5.7%

1. Rand million.

**Expenditure trends**

The spending focus of the Social Housing Regulatory Authority over the medium term will be on investment in and the regulation of the social housing sector. The largest spending item is on the transfer of capital grants to social housing institutions for the building of medium density rental houses for households earning between R1 500 and R7 000 per month. Spending by the authority is expected to increase from R936.3 million in 2013/14 to R1.3 billion in 2016/17, and will facilitate the delivery of approximately 17 977 social housing units over the medium term. The entity uses consultants to assess applications for the restructuring capital grant, assess the institutional applications for social housing accreditation, certify the achievement of project milestones, and conduct social housing related research. As a result, expenditure on goods and services is expected to increase from R13.4 million in 2013/14 to R16.2 million in 2016/17.

Spending on compensation of employees is expected to increase from R16.6 million in 2013/14 to R19.5 million in 2016/17, and is related to inflationary adjustments as well as the filling of 9 posts over the medium term. At the end of November 2013, the authority had a staff complement of 29, which is expected to increase to 38 in 2014/15 to provide for the entity's regulatory function. The authority's vacancy rate was 23.6 per cent, due to normal attrition and the length of time it takes to finalise the recruitment process.

The Social Housing Regulatory Authority is funded by a transfer from Department of Human Settlements. The largest component of revenue is the capital restructuring grant, which subsidises the construction of rental housing units. Total revenue is expected to increase at an average annual rate of 12.2 per cent over the medium term as a result of the grant increase. Between 2010/11 and 2013/14, revenue increased at an average annual rate of 71.1 per cent as a result of the targets set out to increase the delivery of rental housing to establish sustainable human settlements and improved quality of household life (outcome 8). To support this objective, the authority received funds from provincial departments in 2011/12 and 2012/13. As a result, total revenue increased by 151 per cent in 2011/12 and 138 per cent in 2012/13.

## Other public entities and agencies

- The **Community Schemes Ombud Service** is mandated to provide a dispute resolution service for community schemes; to regulate, monitor and control the quality of all sectional title schemes' governance documentation; and to take custody of, preserve and provide public access to, scheme governance documentation. The ombud's total expenditure for 2014/15 is R40.2 million.
- The **Estate Agency Affairs Board** regulates, maintains and promotes the standard of conduct of estate agents, issues Estate Agents Fidelity Fund certificates, prescribes the standard of training of estate agents, investigates complaints lodged against estate agents, and manages and controls the Estate Agents Fidelity Fund. The board's total expenditure for 2014/15 is R90.7 million.
- The **Housing Development Agency** is mandated to identify, acquire, hold, develop and release state and privately owned land for residential and community purposes and for the creation of sustainable human settlements. The agency's total expenditure for 2014/15 is R148.4 million.
- The **National Urban Reconstruction and Housing Agency** provides bridging finance to contractors building low to moderate income housing, infrastructure and community facilities, and provides account administration and support services. The agency's total expenditure for 2014/15 is R100.7 million.
- The **Rural Housing Loan Fund** is a wholesale lending institution. Its main business is to raise money and lend it on to retail credit intermediaries to provide repeat access to housing credit to low income rural households. The fund's total expenditure for 2014/15 is R31.8 million.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
R million										
<b>Departmental infrastructure</b>										
Rural households infrastructure grant	Basic water and sanitation infrastructure provided	Various	-	61.6	187.4	205.6	100.5	65.5	67.3	-
Human settlements development grant	Eradication of bucket toilets	Various	-	-	-	-	-	899.2	975.4	-
Accelerated community infrastructure programme	Basic water and sanitation infrastructure provided	Various	-	46.9	-	-	-	-	-	-
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Human settlements development grant	Houses completed and sites serviced	Various	-	13 032.1	15 121.5	15 395.0	16 983.9	17 084.4	18 632.6	20 409.6
Urban settlements development grant	Bulk infrastructure installed	Various	-	4 968.0	6 267.0	7 392.2	9 076.9	10 284.7	10 654.8	11 231.9
Rural households infrastructure grant	Basic water and sanitation infrastructure provided	Various	-	-	-	-	106.7	47.6	51.0	124.6
<b>Total</b>			-	<b>18 108.7</b>	<b>21 575.9</b>	<b>22 992.8</b>	<b>26 268.0</b>	<b>28 381.4</b>	<b>30 281.1</b>	<b>31 766.0</b>

# Vote 32

## Mineral Resources

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	284.2	272.6	1.3	10.3	296.8	314.5
Promotion of Mine Safety and Health	168.0	162.2	5.2	0.6	177.7	188.9
Mineral Regulation	231.4	183.5	47.8	0.0	245.2	260.0
Mineral Policy and Promotion	787.8	124.0	663.6	0.1	879.5	900.6
<b>Total expenditure estimates</b>	<b>1 471.3</b>	<b>742.3</b>	<b>717.9</b>	<b>11.0</b>	<b>1 599.2</b>	<b>1 664.1</b>
Executive authority	Minister of Mineral Resources					
Accounting officer	Director General of Mineral Resources					
Website address	<a href="http://www.dmr.gov.za">www.dmr.gov.za</a>					

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

### Aim

*Promote and regulate the minerals and mining sector for transformation, growth and development. Ensure that all South Africans derive sustainable benefits from the country's mineral wealth.*

### Mandate

The mandate of the Department of Mineral Resources is broadly informed by the following:

- the Minerals and Petroleum Resources Development Act (2002), which provides the regulatory framework for equitable access to and the sustainable development of mineral resources and related matters
- the Mine Health and Safety Act (1996), which governs mine health and safety
- the 1998 White Paper on the Minerals and Mining Policy for South Africa, which provides the framework for the transparent and efficient regulation of the mineral resources and mineral industry.

### Strategic goals

The department's strategic goals over the medium term are to:

- promote and facilitate an increase in mining activity and in value added to mineral resources extracted in South Africa
- implement transformation policies that redress past imbalances through broader participation in the mineral sector
- provide a framework for managing health and safety risks, enforce compliance and promote best practice in the mineral sector
- promote sustainable resource management, contribute to skills development and the creation of sustainable jobs in the mining sector
- contribute to a reduction of the adverse impacts of mining on the environment
- attract, develop and retain appropriate skills and ensure the optimal utilisation of resources
- implement risk management strategies and promote corporate governance.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide strategic support and management services to the department.

### Programme 2: Promotion of Mine Safety and Health

**Purpose:** Ensure the safe mining of minerals under healthy working conditions.

### Programme 3: Mineral Regulation

**Purpose:** Regulate the minerals and mining sector to promote economic development, employment, and ensure transformation and environmental compliance.

### Programme 4: Mineral Policy and Promotion

**Purpose:** Develop relevant mineral policies that promote South Africa's mining and minerals industries to attract investment.

## Selected performance indicators

**Table 32.1 Mineral Resources**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of occupational health and safety inspections and mine audits conducted per year	Promotion of Mine Safety and Health	Outcome 4: Decent employment through inclusive economic growth	7 566	8 020	8 632	8 396	8 396	8 396	8 396
Number of rights and permits granted to historically disadvantaged South Africans per year <sup>1</sup>	Mineral Regulation		198	82	102	200	200	200	200
Number of industry workshops on compliance issues conducted per year	Mineral Regulation		32	34	25	9 <sup>2</sup>	9	9	9
Number of social and labour plans inspections per year <sup>3</sup>	Mineral Regulation		100	259	181	210	250	250	250
Number of environmental authorisation inspections per year	Mineral Regulation	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	2 853	1 898	1 751	1 700	1 700	1 700	1 700
Number of publications per year	Mineral Policy and Promotion	Outcome 4: Decent employment through inclusive economic growth	15	12	35	11	13	13	13
Number of policies and regulations reviewed and amended per year	Mineral Policy and Promotion		1	2	2	2	3	4	4
Number of derelict and ownerless mines rehabilitated per year	Mineral Policy and Promotion	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	5	3	13	30	50	50	50
Number of SMMEs supported (new and established) per year	Mineral Policy and Promotion	Outcome 4: Decent employment through inclusive economic growth	82	85	72	67	67	77	77

1. The department does not have control over the number of eligible applications submitted. The targets over the medium term have been adjusted to include the number of women-led companies to avoid double counting, since women are also included in the definition of historically disadvantaged South Africans.

2. The decrease is due to the department's plan going forward to conduct one workshop per region.

3. This indicator replaces the "Number of mining charter inspections per year."

## The national development plan

The national development plan suggests that there is significant unrealised opportunity in South Africa's mining sector and that the country's global market dominance in mineral deposits offers an opportunity for growth of 3 per cent to 4 per cent a year, as well as the creation of 300 000 additional jobs. However, the plan

also identifies a number of constraints that could derail growth and development in the mining sector. These include uncertainty about the regulatory framework; electricity shortages and prices; infrastructure weakness, especially in heavy haul rail services and ports; lack of sufficient water supply; and the skills gap.

The interventions recommended by the plan include: ensuring a stable regulatory framework; conducting research into improved energy and water efficient extraction methods; developing links with supplier industries and downstream producers; identifying resource based products for manufacture to improve local beneficiation; and improving the alignment of the industry with the requirements of the Broad Based Socioeconomic Charter for the South African Mining Industry. These are to create a globally competitive mining industry that reflects a non-racial South Africa and draws on the human and financial resources of, and offers real benefit to, all South Africans by stimulating local economic development.

In support of the plan's priority to achieve a stable regulatory framework within the mining sector, the department has reviewed and amended the Mineral and Petroleum Resources Development Act (2002), which was tabled in Cabinet for approval in May 2013 and the Mine Health and Safety Act (1996), which was published in the Government Gazette for public consultations in September 2013. These amendments to legislation are intended to improve the minerals and upstream petroleum resources development environment, attract increasing investment capital, create an enabling environment for mineral beneficiation; augment forward and backwards linkages by clarifying ambiguities in the act, ensure appropriate skills development, maximise the sector's contribution to community development, and improve mineworkers' working and living conditions.

The department's programme of action over the medium term includes further refinement of the strategy for sustainable growth and meaningful transformation of the country's mining industry through the amendment of legislation that forms part of the regulatory framework. This includes the Precious Metals Act (2005) and the Second Diamond Amendment Act (2005). The department will also continue to contribute to the national industrialisation programme through the beneficiation strategy and its key implementation plan, and facilitating the development of mining and beneficiation infrastructure.

## Expenditure estimates

Table 32.2 Mineral Resources

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13			2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	
R million												
Administration	226.7	257.6	295.3	282.3	300.4	9.8%	23.6%	284.2	296.8	314.5	1.5%	19.6%
Promotion of Mine Safety and Health	137.1	141.3	140.7	163.7	161.1	5.5%	12.7%	168.0	177.7	188.9	5.5%	11.4%
Mineral Regulation	188.6	184.4	191.4	211.9	199.6	1.9%	16.7%	231.4	245.2	260.0	9.2%	15.3%
Mineral Policy and Promotion	442.3	446.2	546.3	735.9	708.2	17.0%	46.9%	787.8	879.5	900.6	8.3%	53.7%
<b>Total</b>	<b>994.7</b>	<b>1 029.4</b>	<b>1 173.6</b>	<b>1 393.8</b>	<b>1 369.4</b>	<b>11.2%</b>	<b>100.0%</b>	<b>1 471.3</b>	<b>1 599.2</b>	<b>1 664.1</b>	<b>6.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-	(24.5)			(20.0)	(20.0)		-	
<b>Economic classification</b>												
<b>Current payments</b>	<b>533.0</b>	<b>589.8</b>	<b>623.8</b>	<b>708.1</b>	<b>691.1</b>	<b>9.0%</b>	<b>53.4%</b>	<b>742.3</b>	<b>784.4</b>	<b>895.6</b>	<b>9.0%</b>	<b>51.0%</b>
Compensation of employees	326.5	364.6	395.9	444.1	442.0	10.6%	33.5%	476.8	505.7	539.0	6.8%	32.2%
Goods and services	206.5	222.6	227.9	264.0	249.2	6.5%	19.8%	265.6	278.8	356.5	12.7%	18.8%
of which:												
Computer services	19.6	21.4	23.3	19.9	15.4	-7.7%	1.7%	22.0	26.1	27.3	21.1%	1.5%
Contractors	1.7	1.3	1.6	26.7	18.5	122.0%	0.5%	40.5	45.4	110.9	81.6%	3.5%
Operating leases	71.0	82.3	85.6	52.6	77.0	2.7%	6.9%	42.3	37.8	39.8	-19.8%	3.2%
Travel and subsistence	54.7	57.6	61.8	68.3	61.3	3.9%	5.2%	69.9	74.6	78.5	8.6%	4.7%
Interest and rent on land	-	2.6	-	-	-		0.1%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>438.1</b>	<b>420.8</b>	<b>525.1</b>	<b>669.9</b>	<b>660.2</b>	<b>14.6%</b>	<b>44.8%</b>	<b>717.9</b>	<b>803.3</b>	<b>756.4</b>	<b>4.6%</b>	<b>48.1%</b>
Departmental agencies and accounts	215.2	199.1	269.1	321.1	317.4	13.8%	21.9%	340.8	365.2	395.1	7.6%	23.2%
Public corporations and private enterprises	222.4	220.3	253.5	345.7	338.2	15.0%	22.7%	375.8	436.8	359.9	2.1%	24.7%
Households	0.5	1.5	2.4	3.0	4.6	109.9%	0.2%	1.3	1.4	1.4	-31.9%	0.1%
<b>Payments for capital assets</b>	<b>23.6</b>	<b>18.6</b>	<b>24.5</b>	<b>15.9</b>	<b>18.0</b>	<b>-8.6%</b>	<b>1.9%</b>	<b>11.0</b>	<b>11.5</b>	<b>12.1</b>	<b>-12.5%</b>	<b>0.9%</b>
Buildings and other fixed structures	17.1	0.9	0.4	1.8	1.1	-59.6%	0.4%	2.8	2.9	3.1	39.9%	0.2%
Machinery and equipment	5.4	17.1	24.1	14.1	16.9	46.5%	1.4%	8.2	8.6	9.0	-18.9%	0.7%
Software and other intangible assets	1.1	0.6	-	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>-</b>	<b>0.0</b>	<b>-65.8%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>
<b>Total</b>	<b>994.7</b>	<b>1 029.4</b>	<b>1 173.6</b>	<b>1 393.8</b>	<b>1 369.4</b>	<b>11.2%</b>	<b>100.0%</b>	<b>1 471.3</b>	<b>1 599.2</b>	<b>1 664.1</b>	<b>6.7%</b>	<b>100.0%</b>

## Personnel information

Table 32.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			2013/14 - 2016/17
<b>Mineral Resources</b>																			
Salary level	1 254	107	1 035	395.9	0.4	1 146	442.0	0.4	1 254	476.8	0.4	1 254	505.7	0.4	1 254	539.0	0.4	3.0%	100.0%
1 – 6	295	83	282	44.3	0.2	345	55.1	0.2	295	48.1	0.2	295	51.0	0.2	295	54.4	0.2	-5.1%	25.1%
7 – 10	558	17	478	156.7	0.3	492	176.0	0.3	558	182.6	0.3	558	193.7	0.3	558	206.5	0.4	4.3%	44.1%
11 – 12	305	1	204	123.2	0.6	230	137.1	0.6	305	156.4	0.5	305	165.9	0.5	305	176.8	0.6	9.9%	23.3%
13 – 16	94	6	69	68.0	1.0	77	69.9	0.9	94	85.5	0.9	94	90.7	1.0	94	96.7	1.0	6.9%	7.3%
Other	2	–	2	3.7	1.8	2	3.9	1.9	2	4.1	2.0	2	4.3	2.2	2	4.6	2.3	–	0.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on ensuring that the country's mineral wealth contributes to meeting South Africa's socioeconomic needs, including job creation, technology development, economic diversification and transformation.

The department intends to rehabilitate 150 derelict and ownerless mines at a cost of R363.9 million through the *Mineral Policy and Promotion* programme, which accounts for the significant increase in contractors over the medium term. Between 2010/11 and 2013/14, expenditure on transfers and subsidies and contractors in the *Mineral Policy and Promotion* programme increased significantly due to the technical specialisation required to rehabilitate derelict and ownerless mines.

Further, over the medium term, the department plans to provide an efficient minerals licensing system through the *Mineral Regulation* programme, improve compliance with relevant environmental legislation such as the National Environmental Management Act (1998) and mining statutes such as the Broad Based Socioeconomic Charter for the South African Mining Industry, through conducting inspections under the *Mineral Regulation* programme.

Cabinet approved reductions of R40 million over the medium term have been made in the transfers to the Council for Geoscience and the Council for Mineral Technology. These reductions are not expected to adversely affect service delivery as the two entities generate their own revenue. The department received donor funding of R30 million from the European Union's general budget support over the medium term. The funds have been allocated to the Council for Geoscience for seismic hazard microzonation in Johannesburg.

The department's personnel establishment increased from 1 035 in 2012/13 to 1 146 in 2013/14 to strengthen its capacity to ensure compliance with environmental legislation relating to mining. This led to an increase in spending on compensation of employees over the period, which is expected to have a carry through effect over the medium term. The department had a funded establishment of 1 254 posts and 107 posts additional to the establishment. There were 208 vacancies at the end of November 2013, due to resignations and the difficulties experienced in attracting the required skilled personnel. To address the shortage of skills in the sector, the department plans to fill the vacancies in 2014/15 through internal skills development as well as the provision of bursary schemes and inspector learnerships.

## Departmental receipts

Table 32.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	<b>30 302</b>	<b>93 185</b>	<b>93 363</b>	<b>41 648</b>	<b>51 100</b>	<b>19.0%</b>	<b>100.0%</b>	<b>54 679</b>	<b>57 193</b>	<b>60 224</b>	<b>5.6%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>2 159</b>	<b>2 559</b>	<b>4 156</b>	<b>2 554</b>	<b>3 172</b>	<b>13.7%</b>	<b>4.5%</b>	<b>3 394</b>	<b>3 549</b>	<b>3 736</b>	<b>5.6%</b>	<b>6.2%</b>
Sales by market establishments	309	392	2 465	494	492	16.8%	1.4%	527	551	580	5.6%	1.0%
of which:												
Market establishment: Rental parking: Covered and open	309	392	462	494	492	16.8%	0.6%	527	551	580	5.6%	1.0%
Market establishment: Rental of other machinery and equipment	–	–	2 003	–	–	–	0.7%	–	–	–	–	–
Administration fees	1 353	1 608	1 137	1 444	2 006	14.0%	2.3%	2 146	2 244	2 363	5.6%	3.9%
of which:												
Application fees in relation to the Minerals and Petroleum Resources Development Act (2000)	1 328	1 586	1 105	1 416	1 976	14.2%	2.2%	2 114	2 211	2 328	5.6%	3.9%
Requested information: Access to Information Act (2000)	25	22	32	28	30	6.3%	–	32	33	35	5.3%	0.1%
Other sales	497	559	554	616	674	10.7%	0.9%	721	754	793	5.6%	1.3%
of which:												
Services rendered: Commission on insurance and garnishee	123	139	157	172	165	10.3%	0.2%	176	184	194	5.5%	0.3%
Services rendered: Marking of exam paper	353	395	374	430	478	10.6%	0.6%	512	536	564	5.7%	0.9%
Services rendered: Photocopies and faxes	17	21	20	12	25	13.7%	–	27	28	29	5.1%	–
Replacement of security cards	4	4	3	2	6	14.5%	–	6	6	6	–	–
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>-9.1%</b>	<b>–</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>5.3%</b>	<b>–</b>
of which:												
Sales: Scrap	1	–	–	1	1	–	–	1	1	1	–	–
Sales: Waste paper	7	1	1	5	5	-10.6%	–	6	6	6	6.3%	–
Fines, penalties and forfeits	531	665	1 206	1 226	884	18.5%	1.2%	947	991	1 043	5.7%	1.7%
<b>Interest, dividends and rent on land</b>	<b>26 978</b>	<b>89 388</b>	<b>87 158</b>	<b>37 064</b>	<b>46 285</b>	<b>19.7%</b>	<b>93.2%</b>	<b>49 525</b>	<b>51 803</b>	<b>54 550</b>	<b>5.6%</b>	<b>90.6%</b>
Interest	170	195	157	94	207	6.8%	0.3%	222	232	244	5.6%	0.4%
Rent on land	26 808	89 193	87 001	36 970	46 078	19.8%	93.0%	49 303	51 571	54 306	5.6%	90.2%
Sales of capital assets	–	8	–	–	–	–	–	–	–	–	–	–
Transactions in financial assets and liabilities	626	564	842	798	753	6.4%	1.0%	806	843	888	5.7%	1.5%
<b>Total</b>	<b>30 302</b>	<b>93 185</b>	<b>93 363</b>	<b>41 648</b>	<b>51 100</b>	<b>19.0%</b>	<b>100.0%</b>	<b>54 679</b>	<b>57 193</b>	<b>60 224</b>	<b>5.6%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 32.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
Ministry	15.8	23.2	24.5	22.8	13.0%	8.1%	24.2	25.5	27.1	5.9%	8.5%	
Corporate Services	97.3	86.3	123.4	120.1	7.3%	40.2%	106.5	109.7	116.4	-1.1%	38.4%	
Department Management	12.9	15.5	17.4	19.7	15.1%	6.2%	19.5	20.6	21.9	3.5%	6.9%	
Financial Administration	75.9	88.9	87.5	79.3	1.5%	31.2%	92.3	97.2	103.0	9.1%	31.6%	
Internal Audit	6.9	9.7	13.3	13.5	24.9%	4.1%	13.2	14.0	14.9	3.4%	4.7%	
Office Accommodation	18.0	34.0	29.2	26.8	14.3%	10.2%	28.4	29.7	31.3	5.3%	9.9%	
<b>Total</b>	<b>226.7</b>	<b>257.6</b>	<b>295.3</b>	<b>282.3</b>	<b>7.6%</b>	<b>100.0%</b>	<b>284.2</b>	<b>296.8</b>	<b>314.5</b>	<b>3.7%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				10.8			7.5	6.9	7.3			

Table 32.5 Administration

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Current payments</b>	<b>204.6</b>	<b>238.3</b>	<b>275.1</b>	<b>267.0</b>	<b>9.3%</b>	<b>92.8%</b>	<b>272.6</b>	<b>284.7</b>	<b>301.8</b>	<b>4.2%</b>	<b>95.6%</b>
Compensation of employees	90.7	115.2	127.7	136.2	14.5%	44.2%	147.1	156.0	166.3	6.9%	51.4%
Goods and services	113.8	120.6	147.4	130.9	4.8%	48.3%	125.5	128.7	135.5	1.2%	44.2%
of which:											
Computer services	14.9	17.0	19.8	12.8	-4.8%	6.1%	16.4	17.1	18.0	11.9%	5.5%
Contractors	1.4	1.0	1.4	2.2	17.0%	0.6%	2.6	2.8	2.9	9.0%	0.9%
Operating leases	45.1	51.8	77.0	50.0	3.5%	21.1%	33.8	33.2	35.0	-11.2%	12.9%
Travel and subsistence	18.5	18.8	21.3	20.9	4.0%	7.5%	22.0	23.1	24.3	5.2%	7.7%
Interest and rent on land	-	2.6	-	-	-	0.2%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>0.5</b>	<b>1.5</b>	<b>2.4</b>	<b>3.0</b>	<b>86.7%</b>	<b>0.7%</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>	<b>-21.9%</b>	<b>0.6%</b>
Households	0.5	1.5	2.4	3.0	86.7%	0.7%	1.3	1.4	1.4	-21.9%	0.6%
<b>Payments for capital assets</b>	<b>21.7</b>	<b>17.6</b>	<b>17.7</b>	<b>12.2</b>	<b>-17.5%</b>	<b>6.5%</b>	<b>10.3</b>	<b>10.7</b>	<b>11.2</b>	<b>-2.7%</b>	<b>3.8%</b>
Buildings and other fixed structures	17.1	0.9	0.4	1.8	-52.7%	1.9%	2.8	2.9	3.1	19.5%	0.9%
Machinery and equipment	4.6	16.1	17.3	10.4	31.0%	4.6%	7.5	7.8	8.2	-7.7%	2.9%
Software and other intangible assets	-	0.6	-	-	-	0.1%	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>226.7</b>	<b>257.6</b>	<b>295.3</b>	<b>282.3</b>	<b>7.6%</b>	<b>100.0%</b>	<b>284.2</b>	<b>296.8</b>	<b>314.5</b>	<b>3.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>22.8%</b>	<b>25.0%</b>	<b>25.2%</b>	<b>20.3%</b>			<b>19.3%</b>	<b>18.6%</b>	<b>18.9%</b>		

## Personnel information

Table 32.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
<b>Administration</b>			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
<b>Salary level</b>	<b>410</b>	<b>42</b>	<b>381</b>	<b>127.7</b>	<b>0.3</b>	<b>387</b>	<b>136.8</b>	<b>0.4</b>	<b>410</b>	<b>147.1</b>	<b>0.4</b>	<b>410</b>	<b>156.0</b>	<b>0.4</b>	<b>410</b>	<b>166.3</b>	<b>0.4</b>	<b>1.9%</b>	<b>100.0%</b>
1 - 6	146	28	136	23.8	0.2	155	25.1	0.2	146	24.2	0.2	146	25.6	0.2	146	27.3	0.2	-2.0%	36.7%
7 - 10	174	9	170	50.6	0.3	153	52.4	0.3	174	55.8	0.3	174	59.1	0.3	174	63.0	0.4	4.4%	41.7%
11 - 12	50	-	44	22.8	0.5	45	25.9	0.6	50	26.3	0.5	50	27.9	0.6	50	29.7	0.6	3.6%	12.1%
13 - 16	38	5	29	26.9	0.9	32	29.5	0.9	38	36.8	1.0	38	39.1	1.0	38	41.7	1.1	5.9%	9.0%
Other	2	-	2	3.7	1.8	2	3.9	1.9	2	4.1	2.0	2	4.3	2.2	2	4.6	2.3	-	0.5%

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

2. Rand million.

## Expenditure trends

Over the medium term, the spending focus will be on providing quality IT services to the department through the *Financial Administration* subprogramme and attracting and retaining skilled workers, especially in the mine inspection directorates in the *Promotion of Mine Safety and Health* programme, through the *Corporate Services* subprogramme's staff development activities. This will lead to an increase in expenditure over the medium term, specifically on training and staff development, bursaries and compensation of employees as a result of improved conditions of service. Expenditure on consultants will increase over the medium term as the department continues to use consultants mainly to provide specialised IT services and to verify new employees' qualifications. The department currently lacks the capacity to perform these functions.

Spending on goods and services and on compensation of employees in the *Internal Audit* subprogramme increased between 2010/11 and 2013/14 due to the appointment of additional administrative staff after the Department of Minerals and Energy was divided into two separate departments in 2010/11.

Expenditure in the *Office Accommodation* subprogramme on operating leases increased in 2011/12 as invoices from the previous financial year were paid in that year. Expenditure then stabilised, after a reconciliation

process with the Department of Public Works as the custodian and portfolio manager of national government's immovable assets, was finalised.

At the end of November 2013, the programme had 387 filled posts and expects the number to increase to 410 over the medium term. The additional capacity will improve the management oversight of programmes and ensure their strategic alignment with the department's overall goals. The 62 vacancies arising in the same period were the result of resignations and promotions and are in the process of being filled.

## Programme 2: Promotion of Mine Safety and Health

### Objectives

- Promote mine health and safety by:
  - reducing occupational injuries by 20 per cent, and fatalities by 20 per cent per year over the medium term
  - reducing the number of mine workers exposed to occupational diseases, including tuberculosis by 10 per cent over the medium term
  - conducting ongoing investigations, inspections and audits
  - implementing the occupational health and safety strategy and enforcing guidelines over the medium term.
- Contribute to skills development in the mining sector by conducting an ongoing review and implementation of the certificate of competency model developed with the Mining Qualifications Authority and universities.
- Improve the turnaround time of medical appeals by ensuring a minimum of 100 per cent adherence to the prescribed timeframes for resolving medical appeals and applications in terms of the Mineral and Petroleum Resources Development Act (2002), and a minimum of 100 per cent adherence to the prescribed timeframes for appeals made to the Chief Inspector of Mines.

### Subprogrammes

- *Governance Policy and Oversight* provides inputs for developing policy and legislation to guide enforcement; provides technical support to regional offices; chairs tripartite structures; facilitates HIV and AIDS workshops in the mining sector; and, in collaboration with the Mining Qualifications Authority, develops strategies to address the skills shortage in the mining industry. The safety performance of mines is evaluated monthly, problem areas are identified and corrective measures are developed. In 2012/13, the programme published the Mine Health and Safety Council's annual report. It received 29 medical appeals, all of which were resolved. Of the 40 medical appeals received in 2013/14, 37 were resolved by 30 September 2013. In 2013/14, R5 million was transferred to the Mine Health and Safety Council and R5.2 million will be transferred in 2014/15. This subprogramme had a staff complement of 65 at the end of November 2013.
- *Mine Health and Safety Regions* is responsible for audits, inspections and inquiries related to enforcing the Mine Health and Safety Act (1996) and its provisions; and examination services for the certificate of competency to contribute to skills development in the mining sector. 421 audits and 8 632 inspections were carried out in 2012/13. By the end of September 2013, 5 052 inspections and 257 audits had been conducted with almost 3 000 more inspections and 140 more audits planned to be completed before the end of 2013/14. These processes play a critical part in ensuring that mine employees work in conditions that comply with health and safety regulation. This subprogramme had a staff complement of 195 at the end of November 2013.

## Expenditure estimates

**Table 32.7 Promotion of Mine Safety and Health**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Governance Policy and Oversight	52.1	46.2	43.6	49.8	-1.5%	32.9%	50.2	53.1	56.3	4.2%	30.0%
Mine Health and Safety Regions	85.0	95.0	97.1	113.9	10.3%	67.1%	117.8	124.7	132.6	5.2%	70.0%
<b>Total</b>	<b>137.1</b>	<b>141.3</b>	<b>140.7</b>	<b>163.7</b>	<b>6.1%</b>	<b>100.0%</b>	<b>168.0</b>	<b>177.7</b>	<b>188.9</b>	<b>4.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			(3.4)	(2.0)	(2.1)		

**Economic classification**

<b>Current payments</b>	<b>131.7</b>	<b>135.8</b>	<b>134.0</b>	<b>157.1</b>	<b>6.1%</b>	<b>95.8%</b>	<b>162.2</b>	<b>171.5</b>	<b>182.4</b>	<b>5.1%</b>	<b>96.4%</b>
Compensation of employees	102.6	100.4	106.1	125.1	6.9%	74.5%	129.5	137.3	146.4	5.4%	77.1%
Goods and services	29.1	35.4	27.9	32.0	3.1%	21.4%	32.7	34.2	36.0	4.1%	19.3%
of which:											
Computer services	0.8	0.9	1.0	1.3	17.7%	0.7%	1.1	1.1	1.2	-3.1%	0.7%
Contractors	0.1	0.2	0.2	0.4	39.3%	0.1%	0.4	0.4	0.4	5.1%	0.2%
Operating leases	8.5	12.6	2.8	0.4	-63.1%	4.2%	0.4	0.4	0.4	-2.7%	0.2%
Travel and subsistence	14.0	16.7	17.5	17.1	6.7%	11.2%	18.1	19.0	20.0	5.4%	10.6%
<b>Transfers and subsidies</b>	<b>5.4</b>	<b>5.3</b>	<b>4.5</b>	<b>5.0</b>	<b>-2.1%</b>	<b>3.5%</b>	<b>5.2</b>	<b>5.6</b>	<b>5.9</b>	<b>5.2%</b>	<b>3.1%</b>
Departmental agencies and accounts	5.4	5.3	4.5	5.0	-2.1%	3.5%	5.2	5.6	5.9	5.2%	3.1%
Households	0.0	0.1	-	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.1</b>	<b>2.1</b>	<b>1.6</b>	<b>372.5%</b>	<b>0.6%</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>-25.4%</b>	<b>0.5%</b>
Machinery and equipment	0.0	0.1	2.1	1.6	372.5%	0.6%	0.6	0.6	0.7	-25.4%	0.5%
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>137.1</b>	<b>141.3</b>	<b>140.7</b>	<b>163.7</b>	<b>6.1%</b>	<b>100.0%</b>	<b>168.0</b>	<b>177.7</b>	<b>188.9</b>	<b>4.9%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	13.8%	13.7%	12.0%	11.7%			11.4%	11.1%	11.4%		

**Details of selected transfers and subsidies**

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	5.4	5.3	4.5	5.0	-2.1%	3.5%	5.2	5.6	5.9	5.2%	3.1%
Mine Health and Safety Council	5.4	5.3	4.5	5.0	-2.1%	3.5%	5.2	5.6	5.9	5.2%	3.1%

## Personnel information

**Table 32.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment														Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost
Promotion of Mine Safety and Health			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	314	15	256	106.1	0.4	260	126.5	0.5	314	129.5	0.4	314	137.3	0.4	314	146.4	0.5	6.5%	100.0%
1 – 6	49	8	47	7.3	0.2	49	9.0	0.2	49	7.8	0.2	49	8.3	0.2	49	8.9	0.2	-	16.3%
7 – 10	75	6	89	27.0	0.3	88	36.3	0.4	75	24.1	0.3	75	25.5	0.3	75	27.2	0.4	-5.2%	26.0%
11 – 12	169	1	100	55.9	0.6	106	65.2	0.6	169	81.5	0.5	169	86.5	0.5	169	92.2	0.5	16.8%	51.0%
13 – 16	21	-	20	15.9	0.8	17	16.0	0.9	21	16.0	0.8	21	17.0	0.8	21	18.1	0.9	7.3%	6.7%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on ensuring that mine companies and employees comply with the Mine Health and Safety Act (1996) by conducting inspections, audits, inquiries and investigations in order to provide a framework to manage health and safety risks in the mining sector. Through the *Mine Health and Safety Regions* subprogramme, the department expects to conduct 25 188 audits and inspections over the medium term. Between 2010/11 and 2013/14, expenditure on travel and subsistence increased in the *Mine*

*Health and Safety Regions* subprogramme due to the travelling costs incurred by inspectors. 32 614 audits and health and safety inspections were conducted in the same period.

Inspections are labour intensive and require extensive travel, which explains the expected continued high spending on compensation of employees and travel and subsistence over the medium term. The programme had 67 vacancies on its funded establishment of 314 posts, with 15 posts additional to the establishment at the end of November 2013. To further enhance the capacity to conduct inspections and despite the difficulty experienced in attracting suitably qualified personnel, the department expects to fill the vacancies over the medium term.

## Programme 3: Mineral Regulation

### Objectives

- Improve the participation of historically disadvantaged South Africans in the mining sector by granting a total of 600 rights and permits to historically disadvantaged South Africans over the medium term.
- Contribute to the transformation of the mining sector by monitoring and enforcing compliance with procurement requirements that relate to historically disadvantaged South Africans, as prescribed by the Broad Based Socioeconomic Charter for the South African Mining Industry, on an ongoing basis.
- Promote job creation through the implementation and support of social labour plan development projects by implementing and supporting 345 local development projects over the medium term.
- Promote sustainable resource use and mine environmental management by supporting approved and evaluated work programmes, social and labour plans, and environmental management plans by conducting 27 industry workshops over the medium term.
- Monitor and enforce compliance with the statutory obligations of the Mineral and Petroleum Resources Development Act (2002) and the Broad Based Socioeconomic Charter for the South African Mining Industry by conducting 750 social and labour plan inspections and 5 100 environmental management inspections over the medium term.

### Subprogrammes

- *Mineral Regulation and Administration* administers prospecting and mining rights, and licensing and compliance with the Mineral and Petroleum Resources Development Act (2002), including the compliance of mines with environmental protection requirements. The issued prospecting and mining rights and permits contain terms and conditions, including the social labour plan and environmental protection, which mining rights holders must comply with. In 2013/14, 1 700 environmental inspections and 250 social labour plan inspections were carried out. This subprogramme had a staff complement of 360 at the end of November 2013.
- *Management Mineral Regulation* provides overall management of the programme. Over the medium term, the focus will be on finalising the South African mineral resources administration system and implementing the National Environmental Management Act (1998). This subprogramme had a staff complement of 20 at the end of November 2013.
- *South African Diamond and Precious Metals Regulator* transfers funds to the South African Diamond and Precious Metals Regulator, which issues licences and permits related to the trade in diamonds, gold and platinum; and monitors activities in the diamond, platinum and gold sectors. This subprogramme's total budget is transferred to the regulator on an annual basis. Over the medium term, the focus will be on contractual obligations, the expansion of the Diamond Exchange and Export Centre and overseeing inspections of diamond and precious metals licences. 3 900 diamond and precious metals inspections are planned over this period.

## Expenditure estimates

Table 32.9 Mineral Regulation

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Mineral Regulation and Administration	139.0	132.1	140.5	144.5	1.3%	71.6%	154.5	163.6	174.0	6.4%	67.1%
Management Mineral Regulation	9.0	13.0	9.3	22.6	36.2%	6.9%	29.0	31.1	32.7	13.2%	12.2%
South African Diamond and Precious Metal Regulator	40.6	39.4	41.6	44.8	3.3%	21.4%	47.8	50.5	53.2	5.9%	20.7%
<b>Total</b>	<b>188.6</b>	<b>184.4</b>	<b>191.4</b>	<b>211.9</b>	<b>4.0%</b>	<b>100.0%</b>	<b>231.4</b>	<b>245.2</b>	<b>260.0</b>	<b>7.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(10.8)			(3.5)	(3.9)	(4.1)		

## Economic classification

	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Current payments</b>	<b>146.1</b>	<b>144.2</b>	<b>148.0</b>	<b>166.6</b>	<b>4.5%</b>	<b>77.9%</b>	<b>183.5</b>	<b>194.6</b>	<b>206.7</b>	<b>7.5%</b>	<b>79.2%</b>
Compensation of employees	98.4	105.0	114.4	127.7	9.1%	57.4%	142.3	151.0	160.9	8.0%	61.4%
Goods and services	47.7	39.1	33.7	38.8	-6.6%	20.5%	41.2	43.7	45.8	5.6%	17.9%
of which:											
Computer services	3.6	3.0	1.9	5.5	14.7%	1.8%	3.9	7.1	7.3	10.1%	2.5%
Contractors	0.1	0.0	0.0	0.1	31.9%	-	0.0	0.0	0.0	-37.6%	-
Operating leases	10.5	13.1	1.9	1.3	-50.3%	3.5%	7.4	3.3	3.5	39.7%	1.6%
Travel and subsistence	16.8	15.5	13.7	17.4	1.1%	8.2%	16.6	18.8	19.7	4.4%	7.6%
<b>Transfers and subsidies</b>	<b>40.7</b>	<b>39.4</b>	<b>41.6</b>	<b>44.8</b>	<b>3.3%</b>	<b>21.4%</b>	<b>47.8</b>	<b>50.5</b>	<b>53.2</b>	<b>5.9%</b>	<b>20.7%</b>
Departmental agencies and accounts	40.6	39.4	41.6	44.8	3.3%	21.4%	47.8	50.5	53.2	5.9%	20.7%
<b>Payments for capital assets</b>	<b>1.9</b>	<b>0.8</b>	<b>1.7</b>	<b>0.5</b>	<b>-35.4%</b>	<b>0.6%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-58.0%</b>	<b>0.1%</b>
Machinery and equipment	0.7	0.8	1.7	0.5	-11.2%	0.5%	0.0	0.0	0.0	-58.0%	0.1%
Software and other intangible assets	1.1	-	-	-	-100.0%	0.1%	-	-	-	-	-
<b>Total</b>	<b>188.6</b>	<b>184.4</b>	<b>191.4</b>	<b>211.9</b>	<b>4.0%</b>	<b>100.0%</b>	<b>231.4</b>	<b>245.2</b>	<b>260.0</b>	<b>7.0%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	19.0%	17.9%	16.3%	15.2%			15.7%	15.3%	15.6%		

## Details of selected transfers and subsidies

Departmental agencies and accounts	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>40.6</b>	<b>39.4</b>	<b>41.6</b>	<b>44.8</b>	<b>3.3%</b>	<b>21.4%</b>	<b>47.8</b>	<b>50.5</b>	<b>53.2</b>	<b>5.9%</b>	<b>20.7%</b>
South African Diamond and Precious Metal Regulator	40.6	39.4	41.6	44.8	3.3%	21.4%	47.8	50.5	53.2	5.9%	20.7%

## Personnel information

Table 32.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Mineral Regulation	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17											
<b>Salary level</b>	<b>405</b>	<b>43</b>	<b>338</b>	<b>114.4</b>	<b>0.3</b>	<b>380</b>	<b>123.8</b>	<b>0.3</b>	<b>405</b>	<b>142.3</b>	<b>0.4</b>	<b>405</b>	<b>151.0</b>	<b>0.4</b>	<b>405</b>	<b>160.9</b>	<b>0.4</b>	<b>2.1%</b>	<b>100.0%</b>
1 - 6	85	40	91	11.2	0.1	123	18.1	0.1	85	13.6	0.2	85	14.4	0.2	85	15.3	0.2	-11.6%	23.7%
7 - 10	253	2	186	62.2	0.3	197	67.8	0.3	253	84.8	0.3	253	89.9	0.4	253	95.8	0.4	8.7%	59.9%
11 - 12	49	-	46	27.1	0.6	46	26.2	0.6	49	27.3	0.6	49	29.0	0.6	49	30.9	0.6	2.1%	12.1%
13 - 16	18	1	15	13.9	0.9	14	11.6	0.8	18	16.7	0.9	18	17.7	1.0	18	18.9	1.1	8.7%	4.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on improving the process of issuing mining rights and permits, and implementing mining environmental management practices in accordance with the National Environmental Management Act (1998).

R736.5 million is allocated over the medium term to process and issue mining rights and permits, with 600 rights and permits to be issued to entities controlled by historically disadvantaged South Africans. The programme issued 382 mining rights to historically disadvantaged South Africans, conducted 91 industry workshops on compliance, 540 social and labour plans inspections and 6 502 environment inspections between 2010/11 and 2012/13. Spending on compensation of employees increased over this period as the number of filled posts increased from 338 in 2012/13 to 380 in 2013/14.

Over the medium term, expenditure on compensation of employees and computer services under goods and services in the *Management Mineral Regulation* subprogramme is expected to increase due to the work involved in the implementation of the National Environmental Management Act (1998). This new responsibility, which was transferred from the Department of Environmental Affairs in 2013/14, requires additional environmental inspectors and enhancements to the South African mineral resource administration system to process the licensing of mining rights.

The programme had 405 funded posts and 43 posts additional to the establishment. As a result of resignations, there were 66 vacancies at the end of November 2013. These posts are in the process of being filled.

## Programme 4: Mineral Policy and Promotion

### Objectives

- Promote investment in the mining and petroleum sectors to increase investment into these sectors by:
  - producing 13 publications which will inform investors on how to invest in the country’s mining and petroleum sectors, in consultation with various state owned entities, in 2014/15
  - supporting 67 small scale mining operations and projects and holding 8 workshops to educate and inform the public about opportunities in mining, in 2014/15
  - drafting a report on progress in implementing the beneficiation framework, which is intended to ensure that mineral beneficiation becomes a significant part of the economy, in 2014/15.
- Promote sustainable resource use and management by:
  - annually reviewing the database of derelict and ownerless mines, state liability for these mines, and referring to the guideline document for financial provision for the rehabilitation of mines
  - rehabilitating a total of 150 derelict and ownerless mine sites by 2017
  - implementing 3 technical partnerships with state owned entities by 2015.
- Facilitate transformation in the mining and minerals sector by:
  - developing 2 policy impact reports on investment in the sector in 2014/15
  - amending the Mine Health and Safety Act (1996) regulations and the Mineral and Petroleum Resources Development Act (2002) regulations after approval by Cabinet in 2014/15
  - assessing and reviewing the Broad Based Socioeconomic Charter for the South African Mining Industry to ensure that previously disadvantaged South Africans participate in the economy through mining while ensuring mine workers’ health and safety in 2014/15
  - reviewing the Precious Metals Act (2005) and the Second Diamond Amendment Act (2005) by 2015.

### Subprogrammes

- *Management* provides overall management for the programme. This subprogramme had a staff complement of 21 at the end of November 2013.
- *Mineral Policy* develops new policies, reviews existing policies and amends legislation designed to promote investment and achieve transformation in the sector. In 2013/14, the focus was on finalising amendments to the Mineral and Petroleum Resources Development Act (2002) and the Mine Health and Safety Act (1996), a process which began in 2012/13. Following substantial consultation with stakeholders in the mining industry, the Mineral and Petroleum Resources Development Act (2002) is currently being reviewed in Parliament. The subprogramme played a leading role in the shale gas development project and in drawing up regulations on hydraulic fracturing, which were approved by Cabinet in 2013/14. In addition, South Africa’s role as

chair of the Kimberley Process certification scheme in 2013 was also successfully supported. This subprogramme had a staff complement of 16 at the end of November 2013.

- *Mineral Promotion* is discussed in more detail below.
- *Assistance to Mines* transfers funds to prevent the uncontrolled movement of water into and out of underground mine openings and holdings. This entails providing subsidies to marginal mines for pumping extraneous water from underground mine openings; and researching, developing and implementing strategic solutions for mine water management, including managing the decanting of contaminated water. Transfers to the Council for Geoscience assist with researching, developing and implementing strategic solutions for mine water management; R18.4 million was transferred to the council in 2012/13 and R26.5 million was transferred in 2013/14. Portions of this subprogramme's total budget are transferred to marginal mining companies on a needs basis, according to conditions set out by the department.
- *Council for Geoscience* transfers funds to the Council for Geoscience, a national agency responsible for developing and maintaining a geoscience knowledge infrastructure for land and ocean environments. The subprogramme's total budget is transferred in full to the council.
- *Council for Mineral Technology* transfers funds to the Council for Mineral Technology and Research, which provides research, development and technology that fosters business development in the mineral and mineral products industries. The subprogramme's total budget is transferred in full to the council.
- *Economic Advisory Services* undertakes macroeconomic and related research and develops assessment tools, which enable it to advise the branch on key strategic economic issues relating to the mining and minerals industry. 35 publications were released in 2012/13 and 6 more publications were released by the end of September 2013. This subprogramme had a staff complement of 7 at the end of November 2013.
- *Mine Environmental Management* provides strategic guidance on mine environmental management, mine closures and managing the rehabilitation of derelict and ownerless mines. In 2012/13, 13 mine rehabilitation projects were completed. 17 mine holdings had been closed off by the end of September 2013 and a number of asbestos mine sites are currently in the process of being rehabilitated. The Florida Lake canal project, which was started a number of years ago to reduce acid mine drainage formation at the lake, was completed and handed over to the City of Johannesburg metropolitan municipality in 2013/14. As part of the interventions on ingress control, strategic mine water research is carried out regularly and is funded by the *Assistance to Mines* subprogramme. This subprogramme had a staff complement of 13 at the end of November 2013.

## Expenditure estimates

Table 32.11 Mineral Policy and Promotion

Subprogramme	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
Management	17.4	13.4	10.8	13.9	-7.3%	2.6%	14.3	15.1	16.1	5.0%	1.8%	
Mineral Policy	4.9	10.6	14.1	28.8	80.3%	2.7%	17.9	18.9	20.0	-11.4%	2.6%	
Mineral Promotion	48.9	50.4	34.3	44.3	-3.3%	8.2%	59.7	69.9	74.0	18.7%	7.5%	
Assistance to Mines	3.0	-	-	-	-100.0%	0.1%	19.1	20.0	21.0	-	1.8%	
Council for Geoscience	169.2	154.4	223.0	271.2	17.0%	37.7%	287.8	309.1	336.0	7.4%	36.4%	
Council for Mineral Technology	195.8	197.0	253.5	341.5	20.4%	45.5%	338.5	390.7	311.4	-3.0%	41.8%	
Economic Advisory Services	-	2.7	4.1	4.6	-	0.5%	4.4	4.7	5.0	2.9%	0.6%	
Mine Environmental Management	3.0	17.6	6.6	31.7	119.2%	2.7%	46.0	51.1	117.1	54.6%	7.4%	
<b>Total</b>	<b>442.3</b>	<b>446.2</b>	<b>546.3</b>	<b>735.9</b>	<b>18.5%</b>	<b>100.0%</b>	<b>787.8</b>	<b>879.5</b>	<b>900.6</b>	<b>7.0%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate							(20.6)	(20.9)	(1.0)			

Table 32.11 Mineral Policy and Promotion

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Current payments</b>	<b>50.6</b>	<b>71.5</b>	<b>66.7</b>	<b>117.3</b>	<b>32.3%</b>	<b>14.1%</b>	<b>124.0</b>	<b>133.5</b>	<b>204.6</b>	<b>20.4%</b>	<b>17.5%</b>	
Compensation of employees	34.8	44.0	47.8	55.0	16.6%	8.4%	57.8	61.3	65.4	5.9%	7.3%	
Goods and services	15.9	27.5	19.0	62.3	57.7%	5.7%	66.2	72.2	139.2	30.7%	10.3%	
of which:												
Computer services	0.3	0.5	0.6	0.3	-1.1%	0.1%	0.7	0.7	0.8	39.4%	0.1%	
Contractors	0.1	0.0	0.0	23.9	555.4%	1.1%	37.5	42.1	107.5	65.0%	6.4%	
Operating leases	6.9	4.8	3.9	0.9	-49.8%	0.8%	0.8	0.8	0.8	-0.9%	0.1%	
Travel and subsistence	5.3	6.7	9.4	13.0	35.1%	1.6%	13.1	13.7	14.5	3.7%	1.6%	
<b>Transfers and subsidies</b>	<b>391.6</b>	<b>374.7</b>	<b>476.5</b>	<b>617.0</b>	<b>16.4%</b>	<b>85.7%</b>	<b>663.6</b>	<b>745.9</b>	<b>695.9</b>	<b>4.1%</b>	<b>82.4%</b>	
Departmental agencies and accounts	169.2	154.4	223.0	271.2	17.0%	37.7%	287.8	309.1	336.0	7.4%	36.4%	
Public corporations and private enterprises	222.4	220.3	253.5	345.7	15.8%	48.0%	375.8	436.8	359.9	1.3%	46.0%	
<b>Payments for capital assets</b>	<b>0.0</b>	<b>-</b>	<b>3.0</b>	<b>1.6</b>	<b>375.0%</b>	<b>0.2%</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>-55.0%</b>	<b>0.1%</b>	
Machinery and equipment	0.0	-	3.0	1.6	375.0%	0.2%	0.1	0.1	0.1	-55.0%	0.1%	
<b>Total</b>	<b>442.3</b>	<b>446.2</b>	<b>546.3</b>	<b>735.9</b>	<b>18.5%</b>	<b>100.0%</b>	<b>787.8</b>	<b>879.5</b>	<b>900.6</b>	<b>7.0%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>44.5%</b>	<b>43.3%</b>	<b>46.5%</b>	<b>52.8%</b>			<b>53.5%</b>	<b>55.0%</b>	<b>54.1%</b>			

## Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
<b>Current</b>	<b>154.1</b>	<b>152.9</b>	<b>210.5</b>	<b>248.6</b>	<b>17.3%</b>	<b>35.3%</b>	<b>260.1</b>	<b>274.1</b>	<b>299.1</b>	<b>6.4%</b>	<b>32.7%</b>
Council for Geoscience	154.1	152.9	210.5	248.6	17.3%	35.3%	260.1	274.1	299.1	6.4%	32.7%
<b>Capital</b>	<b>15.0</b>	<b>1.5</b>	<b>12.5</b>	<b>22.6</b>	<b>14.6%</b>	<b>2.4%</b>	<b>27.8</b>	<b>35.0</b>	<b>36.9</b>	<b>17.7%</b>	<b>3.7%</b>
Council for Geoscience	15.0	1.5	12.5	22.6	14.6%	2.4%	27.8	35.0	36.9	17.7%	3.7%
Public corporations and private enterprises											
Public corporations											
Public corporations - subsidies on products and production											
<b>Current</b>	<b>202.2</b>	<b>200.6</b>	<b>204.1</b>	<b>289.8</b>	<b>12.7%</b>	<b>41.3%</b>	<b>306.6</b>	<b>352.4</b>	<b>280.0</b>	<b>-1.1%</b>	<b>37.2%</b>
Industrial Development Corporation of South Africa	23.6	23.3	-	4.2	-43.6%	2.4%	18.2	26.1	27.4	86.3%	2.3%
Council for Mineral Technology	178.6	177.3	204.1	285.6	16.9%	39.0%	288.4	326.4	252.6	-4.0%	34.9%
<b>Capital</b>	<b>17.2</b>	<b>19.7</b>	<b>49.4</b>	<b>55.9</b>	<b>48.2%</b>	<b>6.6%</b>	<b>50.1</b>	<b>64.4</b>	<b>58.8</b>	<b>1.7%</b>	<b>6.9%</b>
Council for Mineral Technology	17.2	19.7	49.4	55.9	48.2%	6.6%	50.1	64.4	58.8	1.7%	6.9%
Public corporations and private enterprises											
Private enterprises											
Private enterprises - subsidies on products and production											
<b>Current</b>	<b>3.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>19.1</b>	<b>20.0</b>	<b>21.0</b>	<b>-</b>	<b>1.8%</b>
Subsidies to mines	3.0	-	-	-	-100.0%	0.1%	19.1	20.0	21.0	-	1.8%

## Personnel information

Table 32.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Mineral Policy and Promotion	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary level	125	7	60	47.8	0.8	119	54.8	0.5	125	57.8	0.5	125	61.3	0.5	125	65.4	0.5	1.7%	100.0%
1-6	15	7	8	2.1	0.3	18	2.8	0.2	15	2.5	0.2	15	2.7	0.2	15	2.9	0.2	-5.9%	12.8%
7-10	56	-	33	16.8	0.5	54	19.5	0.4	56	18.1	0.3	56	19.2	0.3	56	20.4	0.4	1.2%	44.9%
11-12	37	-	14	17.5	1.2	33	19.8	0.6	37	21.3	0.6	37	22.6	0.6	37	24.1	0.7	3.9%	29.1%
13-16	17	-	5	11.4	2.3	14	12.7	0.9	17	16.0	0.9	17	16.9	1.0	17	18.0	1.1	6.7%	13.2%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on rehabilitating derelict and ownerless mines, organising consultations with mining stakeholders and attending parliamentary hearings.

As part of the safety, health and environmental policy goal, the rehabilitation of derelict and ownerless mines in the *Mine Environmental Management* subprogramme is a key activity of the programme, with 150 sites scheduled to be rehabilitated over the medium term at an estimated cost of R363.9 million.

An additional R40 million was allocated in the 2013 Budget to the derelict and ownerless mines project, which increased expenditure on transfers and subsidies over the medium term. This allowed the department to focus on the long outstanding Osizweni mine rehabilitation project in Newcastle, KwaZulu-Natal, that is posing extreme health, safety and environmental risks to nearby communities. The department will continue to use external service providers to carry out its rehabilitation work as the department lacks the necessary skills.

Transfers and subsidies make up 82.4 per cent of the programme's total allocation over the medium term and support research, development and services by scientific organisations. Included in the transfers to the Council for Geoscience and the Council for Mineral Technology are allocations of R494 million over the medium term for the economic competitiveness and support package to support research and stimulate investment into the mining industry. In 2013/14, R6 million was reprioritised from the *Assistance to Mines* subprogramme to the transfer to the Council for Geoscience to assist with researching, developing and implementing strategic solutions for mine water management.

To give effect to Cabinet approved baseline reductions, transfers to the Council for Geoscience and the Council for Mineral Technology have each been reduced by R20 million over the medium term. These baseline reductions will not negatively affect service delivery as the entities also generate their own revenue.

The rehabilitation of derelict and ownerless mines project is expected to significantly increase spending on goods and services, mainly on contractors, over the medium term. In 2013/14, there was a significant increase in expenditure on goods and services in travel and subsistence as well as venues and facilities as a result of the intercessional and plenary meetings of the Kimberley Process certification scheme, which was chaired and hosted by South Africa. Hosting the meetings was important for the country's prestige and standing in the global minerals environment with regard to efforts to eliminate trade in conflict diamonds.

The programme had 125 funded posts and 7 posts additional to the establishment at the end of November 2013. There were 13 vacant posts, mainly due to resignations and the movement of staff to higher positions in the same period. These posts are in the process of being filled.

### Subprogramme: Mineral Promotion

This subprogramme is responsible for promoting mineral development, advising on trends in the mining industry to attract investment, promoting small scale mining through subsidies managed by the Industrial Development Corporation of South Africa, and advising the Minister of Mineral Resources on growth and competitiveness in the sector and on the contribution of mining to the economy. It plays a crucial role as the country's mining data repository, specifically data on mining production and employment. The subprogramme is responsible for the beneficiation strategy, which was adopted in 2011/12. This is designed to provide impetus to the value addition process of the country's minerals and to give effect to the government's developmental goals of transforming the economy. The draft mineral beneficiation implementation plan framework that has been developed is currently the subject of consultation in government and is expected to be finalised by the end of 2013/14.

Over the medium term, the department intends to conduct a vigorous local and international advocacy programme to local communities and targeted countries, to communicate mineral beneficiation as an opportunity for the country to create labour generating economic growth. *Mineral Promotion* also houses the international coordination hub, which coordinates the department's international engagements and activities to attract investment. The subprogramme had a staff complement of 62 at the end of November 2013.

## Expenditure estimates

**Table 32.13 Mineral Promotion**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Current payments</b>	<b>25.3</b>	<b>27.1</b>	<b>32.6</b>	<b>39.3</b>	<b>15.8%</b>	<b>69.9%</b>	<b>41.5</b>	<b>43.8</b>	<b>46.5</b>	<b>5.8%</b>	<b>69.1%</b>
Compensation of employees	21.5	21.3	23.5	26.8	7.6%	52.3%	28.1	29.8	31.8	5.8%	47.0%
Goods and services	3.8	5.9	9.2	12.5	49.4%	17.6%	13.4	14.0	14.7	5.6%	22.1%
of which:											
Computer services	0.3	0.5	0.6	0.2	-7.6%	0.9%	0.7	0.7	0.8	48.2%	1.0%
Contractors	-	0.0	0.0	0.1	-	-	0.0	0.0	0.0	-21.6%	0.1%
Operating leases	-	0.2	2.1	0.5	-	1.6%	0.5	0.5	0.6	5.2%	0.8%
Travel and subsistence	1.7	3.3	4.3	5.4	48.7%	8.3%	5.9	6.2	6.5	6.1%	9.7%
<b>Transfers and subsidies</b>	<b>23.6</b>	<b>23.3</b>	<b>-</b>	<b>4.2</b>	<b>-43.6%</b>	<b>28.8%</b>	<b>18.2</b>	<b>26.1</b>	<b>27.4</b>	<b>86.3%</b>	<b>30.7%</b>
Public corporations and private enterprises	23.6	23.3	-	4.2	-43.6%	28.8%	18.2	26.1	27.4	86.3%	30.7%
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>1.7</b>	<b>0.7</b>	<b>-</b>	<b>1.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.3%</b>
Machinery and equipment	-	-	1.7	0.7	-	1.3%	-	-	-	-100.0%	0.3%
<b>Total</b>	<b>48.9</b>	<b>50.4</b>	<b>34.3</b>	<b>44.3</b>	<b>-3.3%</b>	<b>100.0%</b>	<b>59.7</b>	<b>69.9</b>	<b>74.0</b>	<b>18.7%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>11.1%</b>	<b>11.3%</b>	<b>6.3%</b>	<b>6.0%</b>			<b>7.6%</b>	<b>7.9%</b>	<b>8.2%</b>		

## Personnel information

**Table 32.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost							
<b>Mineral Promotion</b>			<b>62</b>	<b>23.5</b>	<b>0.4</b>	<b>62</b>	<b>26.6</b>	<b>0.4</b>	<b>66</b>	<b>28.1</b>	<b>0.4</b>	<b>66</b>	<b>29.8</b>	<b>0.5</b>	<b>66</b>	<b>31.8</b>	<b>0.5</b>	<b>2.1%</b>	<b>100.0%</b>
<b>Salary level</b>	<b>66</b>	<b>-</b>																	
1 – 6	8	-	8	1.3	0.2	9	1.4	0.2	8	1.4	0.2	8	1.5	0.2	8	1.6	0.2	-3.9%	12.7%
7 – 10	34	-	35	11.6	0.3	34	13.5	0.4	34	11.7	0.3	34	12.4	0.4	34	13.2	0.4	-	52.3%
11 – 12	17	-	14	7.0	0.5	14	7.7	0.6	17	9.3	0.6	17	9.9	0.6	17	10.5	0.6	6.7%	25.0%
13 – 16	7	-	5	3.7	0.7	5	4.0	0.8	7	5.8	0.8	7	6.1	0.9	7	6.5	0.9	11.9%	10.0%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on finalising the beneficiation implementation framework and promoting the Mineral and Petroleum Resources Development Act (2002) and the Mine Health and Safety Act (1996).

Expenditure on transfers and subsidies decreased significantly between 2010/11 and 2012/13 due to the finalisation of the small scale mining strategy. The decrease did not have any impact on performance as the subprogramme still managed to support 239 small scale mining projects over the same period.

Over the medium term, expenditure on transfers and subsidies is expected to increase significantly as the beneficiation implementation framework gets finalised due to the provision of financial assistance in the form of subsidies to 221 small scale mining projects, to promote mineral development.

The subprogramme had a funded establishment of 66 with 8 vacant posts due to resignations and promotions. These posts are in the process of being filled.

## Public entities and other agencies

### Council for Geoscience

#### Mandate and goals

The Council for Geoscience was established in terms of the Geoscience Act (1993). Its principal mandate is to develop and publish world class geoscience knowledge products and to provide geoscience related services to the South African public and to industry. The Geoscience Amendment Act (2010) extends the entity's functions to include the provision of advisory services relating to geohazards and geo-environmental pollution, and to be the custodian of all geoscience information related to the South African mining industry.

Specifically, the act requires the council to:

- conduct systematic reconnaissance and documentation of the geology of the earth's surface and continental crust
- compile all geoscience data and information in the public domain
- conduct basic geoscience research into the nature and origin of rocks, the evolution of life, and the formation of the earth
- collect and curate all geoscience data and knowledge on South Africa in the national geoscience repository
- provide relevant geoscience knowledge services and advice to the state
- manage a number of national geoscience facilities
- provide commercial geoscience services and products to national and international clients.

The council is structured and geared to support national priorities, such as economic growth and empowerment, sustainable development, rural development, and development on the continent.

The council's strategic goals over the medium term are to:

- broaden the scientific expertise of the council
- provide more direct top level management expertise and scientific leadership in the organisation
- prioritise engineering, geology and physical geohazards, environmental and chemical geohazards and water resource assessment protection
- facilitate investment into the mining industry
- focus on initiatives that contribute to rural development and poverty eradication
- develop innovative products, system and services
- build scientific, managerial and administrative skills and capacity
- contribute to socioeconomic transformation.

#### Selected performance indicators

**Table 32.15 Council for Geoscience**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Annual technical programme performance index <sup>1</sup>	Statutory projects	Outcome 4: Decent employment through inclusive economic growth	85%	85%	92%	85%	85%	85%	85%
Number of geoscience maps, map explanations and related manuscripts published in-house per year	Statutory projects	Outcome 10: Environmental assets and natural resources that are protected and continually enhanced	42	40	34	16	18	20	25
Number of geoscience papers and articles published each year	Local commercial		121	35	115	70	70	57	85
Number of rural development project reports completed	Statutory projects		33	30	29	12	14	14	18
Number of regional and African development project reports completed	Foreign commercial		29	22	22	25	27	82	81

Table 32.15 Council for Geoscience

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of projects with external collaborators completed each year	Foreign commercial	Outcome 4: Decent employment through inclusive economic growth	77	45	45	50	55	60	60
Customer satisfaction level: Percentage of satisfied customers (of total customers completing satisfaction questionnaire)	Administration	Outcome 5: A skilled and capable workforce to support an inclusive growth path	89%	89%	88%	85%	85%	85%	85%

1. Measures feedback received from clients on the performance of the technical programme.

## Programmes/activities/objectives

Table 32.16 Council for Geoscience

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2016/17
R million											
Administration	130.8	156.0	197.7	208.3	16.8%	64.9%	223.1	242.3	271.9	9.3%	59.7%
Statutory projects	29.7	21.0	56.1	84.8	41.9%	16.7%	93.4	98.7	99.5	5.5%	23.8%
Foreign commercial	8.9	4.0	8.5	8.7	-0.7%	2.9%	9.5	10.4	11.3	9.0%	2.5%
Local commercial	26.3	43.9	47.0	48.2	22.4%	15.5%	52.7	57.6	63.0	9.3%	14.0%
<b>Total expense</b>	<b>195.7</b>	<b>224.8</b>	<b>309.3</b>	<b>350.0</b>	<b>21.4%</b>	<b>100.0%</b>	<b>378.7</b>	<b>408.9</b>	<b>445.7</b>	<b>8.4%</b>	<b>100.0%</b>

## Expenditure estimates

Table 32.17 Council for Geoscience

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2016/17
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>71.9</b>	<b>94.1</b>	<b>102.0</b>	<b>82.8</b>	<b>4.8%</b>	<b>31.5%</b>	<b>90.9</b>	<b>99.8</b>	<b>109.6</b>	<b>9.8%</b>	<b>24.1%</b>
Sale of goods and services other than capital assets	61.9	79.4	86.5	79.9	8.9%	27.5%	87.8	96.6	106.3	10.0%	23.3%
of which:											
Sales by market establishment	61.9	79.4	86.5	79.9	8.9%	27.5%	87.8	96.6	106.3	10.0%	23.3%
Other non-tax revenue	10.0	14.7	15.6	2.9	-33.8%	4.0%	3.0	3.2	3.4	5.0%	0.8%
<b>Transfers received</b>	<b>139.2</b>	<b>157.1</b>	<b>225.7</b>	<b>271.3</b>	<b>24.9%</b>	<b>68.5%</b>	<b>287.8</b>	<b>309.1</b>	<b>336.0</b>	<b>7.4%</b>	<b>75.9%</b>
<b>Total revenue</b>	<b>211.0</b>	<b>251.2</b>	<b>327.7</b>	<b>354.0</b>	<b>18.8%</b>	<b>100.0%</b>	<b>378.7</b>	<b>408.9</b>	<b>445.7</b>	<b>8.0%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>195.7</b>	<b>224.8</b>	<b>309.3</b>	<b>350.0</b>	<b>21.4%</b>	<b>100.0%</b>	<b>378.7</b>	<b>408.9</b>	<b>445.7</b>	<b>8.4%</b>	<b>100.0%</b>
Compensation of employees	124.2	128.5	160.3	162.3	9.3%	54.7%	172.8	186.1	206.9	8.4%	46.0%
Goods and services	56.6	77.6	133.7	171.2	44.6%	38.9%	189.1	204.2	222.4	9.1%	49.7%
Depreciation	14.9	18.8	15.3	16.6	3.6%	6.4%	16.8	18.5	16.4	-0.4%	4.3%
Interest, dividends and rent on land	0.0	0.0	0.0	0.0	58.8%	0.0%	0.0	0.0	0.0	23.8%	0.0%
<b>Total expenses</b>	<b>195.7</b>	<b>224.8</b>	<b>309.3</b>	<b>350.0</b>	<b>21.4%</b>	<b>100.0%</b>	<b>378.7</b>	<b>408.9</b>	<b>445.7</b>	<b>8.4%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>15.0</b>	<b>26.0</b>	<b>18.0</b>	<b>4.0</b>	<b>-35.6%</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	
Carrying value of assets	197.3	188.1	193.3	194.4	-0.5%	48.1%	202.7	221.2	238.5	7.0%	53.9%
of which:											
Acquisition of assets	2.0	9.8	21.0	40.1	171.9%	4.4%	46.1	30.0	31.6	-7.6%	9.3%
Inventory	-	0.0	0.0	0.0	-	0.0%	0.0	0.0	0.0	-	0.0%
Receivables and prepayments	27.6	34.0	45.8	48.1	20.3%	9.5%	50.5	53.1	50.7	1.8%	12.7%
Cash and cash equivalents	138.9	173.4	207.4	168.9	6.7%	42.4%	143.5	113.5	106.9	-14.2%	33.4%
<b>Total assets</b>	<b>363.8</b>	<b>395.5</b>	<b>446.6</b>	<b>411.5</b>	<b>4.2%</b>	<b>100.0%</b>	<b>396.7</b>	<b>387.7</b>	<b>396.1</b>	<b>-1.3%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	201.2	227.6	246.0	190.9	-1.7%	53.6%	190.9	190.9	190.9	-	48.0%
Capital reserve fund	85.7	-	-	-	-100.0%	5.9%	-	-	-	-	-
Deferred income	53.9	58.3	86.1	96.7	21.5%	18.1%	94.2	96.9	109.9	4.4%	25.0%
Trade and other payables	6.8	9.1	10.8	23.1	50.3%	3.1%	18.4	9.9	8.4	-28.5%	3.7%
Provisions	16.3	17.5	23.4	23.1	12.5%	4.9%	18.1	17.6	17.2	-9.4%	4.8%
Derivatives financial instruments	-	83.0	80.3	77.7	-	14.5%	75.0	72.3	69.7	-3.6%	18.5%
<b>Total equity and liabilities</b>	<b>363.8</b>	<b>395.5</b>	<b>446.6</b>	<b>411.5</b>	<b>4.2%</b>	<b>100.0%</b>	<b>396.7</b>	<b>387.7</b>	<b>396.1</b>	<b>-1.3%</b>	<b>100.0%</b>

## Personnel information

**Table 32.18 Council for Geoscience**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual 2012/13			Revised estimate 2013/14			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
								2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost		
Salary level	338	338	363	160.3	0.4	344	162.3	0.5	382	172.8	0.5	405	186.1	0.5	438	206.9	0.5	8.4%	100.0%
1 – 6	22	22	34	4.8	0.1	27	3.7	0.1	40	5.2	0.1	42	5.6	0.1	45	6.0	0.1	18.1%	9.7%
7 – 10	116	116	128	30.7	0.2	125	29.2	0.2	144	32.8	0.2	155	35.5	0.2	157	38.3	0.2	9.4%	37.0%
11 – 12	142	142	140	65.6	0.5	128	68.5	0.5	132	70.8	0.5	138	76.1	0.6	161	88.0	0.5	8.7%	35.6%
13 – 16	57	57	60	58.1	1.0	63	58.5	0.9	65	61.4	0.9	69	66.6	1.0	74	72.1	1.0	7.2%	17.3%
17 – 22	1	1	1	1.1	1.1	1	2.4	2.4	1	2.5	2.5	1	2.5	2.5	1	2.5	2.5	1.0%	0.3%

1. Rand million.

## Expenditure trends

Revenue for the Council for Geoscience is generated mainly from fees earned in terms of geological service contracts. In addition, a grant is received from the department, but this covers only personnel costs. All other operating and overhead expenses are funded through revenue.

Revenue increased between 2010/11 and 2013/14, and this is expected to continue over the medium term due to the increase in geological contracts. The increase in revenue will provide for improved conditions of service, the economic competitiveness support package, and various other projects such as the amendment of the Geoscience Act (1993) and the hosting of the 35<sup>th</sup> International Geological Congress in South Africa in 2016. The acquisition of technical and scientific equipment needed to make the council a leading earth science provider and establishing a national skills centre for carbon dioxide geological storage are other initiatives that will be prioritised with increased revenue.

The spending focus over the medium term will be on increasing investment, growing the sector and achieving meaningful transformation in the mining industry. Over this period, to achieve improvements in safety and health and to protect the environment, the council will spend R86 million on the water ingress project to provide solutions for decanting and ingressing acid mine drainage water. This will result in an increase in spending on goods and services, travel and subsistence, contractors and agency support.

In 2010/11, the council significantly cut spending on overheads by putting on hold or freezing the funding of certain items such as training and bursaries, travel and entertainment costs, and conferences, which led to a reduction in spending on those items and increased the number of outputs achieved as a result of savings reprioritised towards the completion of projects. In addition to the R20 million Cabinet approved budget cut over the medium term, efficiency savings of R2.9 million in 2013/14, R3.6 million in 2014/15 and R3 million in 2015/16 have been effected on travel and subsistence and training and bursaries. These savings and cost effectiveness measures will be maintained over the medium term with a limited number of expenditures being re-instated where necessary. Service delivery will not be negatively affected.

The increase in expenditure on goods and services between 2010/11 and 2013/14 was due to an additional allocation of R40 million to the rehabilitation of derelict and ownerless mines project to assist in the closing of old mines and the rehabilitation of old abandoned mines; and R80 million for producing maps targeting mineral potential in South Africa to stimulate investment in the minerals sector.

The council had a funded establishment of 338 posts, with no vacancies at the end of November 2013. Personnel numbers are expected to increase over the medium term, with personnel expenditure also expected to increase over the period due to inflation and improvements in conditions of service. According to its implementation plan, the council will need to recruit at least 56 researchers, professionals, technicians and administrative personnel in order to assist in the amendments of the Geoscience Act (1993) and to provide more stimulus to investment in the mineral sector.

## Council for Mineral Technology

### Mandate and goals

#### Mandate

The mandate of the Council for Mineral Technology as set out in the Mineral Technology Act (1989) is to maximise the value derived from South Africa's mineral resources. To this end, the council develops appropriate, innovative technology for transfer to industry, and provides industry with test work, and consultancy, analytical and mineralogical services.

#### Strategic goals

The council's strategic goals over the medium term are to:

- maximise the utilisation of finite ore resources
- alleviate poverty and create employment
- add value to mineral and metal products
- promote the transition from a resource dominated to a knowledge based economy.
- focus on strategic areas of research and development to keep the council and South Africa at the forefront of technological innovation
- operate effectively in the global environment
- satisfy the demands of a knowledgeable customer base.
- generate high economic returns for the national and regional economies through its technical programmes
- focus on skills development and educational initiatives through its social programmes
- nurture self-sustaining local economies in areas of South Africa where smaller minerals extraction and beneficiation enterprises have the capability to generate broad-based employment and wealth
- attract and retain crucial skills.

### Selected performance indicators

**Table 32.19 Council for Mineral Technology**

Indicator	Programme/Activity/Objective/Project	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new or improved technologies developed per year	Research and develop efficient mineral processing technologies and value added products and services	Outcome 4: Decent employment through inclusive economic growth	5	4	3	3	4	4	4
Number of reports on new or improved mining and minerals processing products and services developed per year	Research and develop efficient mineral processing technologies and value added products and services		14	13	17	17	17	17	17
Number of analytical and mineralogical methods and services developed per year, evidenced by reports	Research and develop efficient mineral processing technologies and value added products and services		3	13	11	9	10	9	9
Number of external reports on water and energy efficient flow sheets developed per year	Research and develop efficient mineral processing technologies and value added products and services	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced.	1	3	3	3	3	3	3
Number of technologies adapted or developed relevant to SMMEs per year	Promote the mineral-based economies of rural and marginalised communities through technical assistance and skills development	Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all	3	2	2	2	2	2	2
Number of undergraduate bursars granted bursaries per year	Build world class research and development excellence through development of human organisational skills	Outcome 5: A skilled and capable workforce to support an inclusive growth path	85	72	45 <sup>1</sup>	45	45	45	45
Number of candidates employed per year	Build world class research and development excellence through development of human organisational skills		58	48	45	45	50	50	50

1. The decrease is due to the increased focus on postgraduate bursars, more than undergraduate.

## Programmes/activities/objectives

Table 32.20 Council for Mineral Technology

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Administration	18.3	19.6	22.7	24.2	9.6%	5.0%	25.1	26.1	27.2	4.0%	5.0%
Enhance the council's visibility and credibility to all stakeholders	18.3	21.1	31.5	24.2	9.6%	5.5%	25.1	26.1	27.2	4.0%	5.0%
Research and develop efficient mineral processing technologies and value added products and services	183.5	196.1	226.8	241.6	9.6%	49.7%	251.2	261.3	271.7	4.0%	50.0%
Promote the mineral-based economies of rural and marginalised communities	55.0	58.8	68.0	72.5	9.6%	14.9%	75.4	78.4	81.5	4.0%	15.0%
Uphold good governance practices	36.7	39.2	45.4	48.3	9.6%	9.9%	50.2	52.3	54.3	4.0%	10.0%
Build world class research and development excellence by developing human organisational skills	55.0	58.8	68.0	72.5	9.6%	14.9%	75.4	78.4	81.5	4.0%	15.0%
<b>Total expense</b>	<b>366.9</b>	<b>393.7</b>	<b>462.5</b>	<b>483.1</b>	<b>9.6%</b>	<b>100.0%</b>	<b>502.4</b>	<b>522.5</b>	<b>543.4</b>	<b>4.0%</b>	<b>100.0%</b>

## Expenditure estimates

Table 32.21 Council for Mineral Technology

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>260.0</b>	<b>310.9</b>	<b>286.0</b>	<b>281.6</b>	<b>2.7%</b>	<b>63.9%</b>	<b>294.7</b>	<b>301.5</b>	<b>311.8</b>	<b>3.5%</b>	<b>54.3%</b>
Sale of goods and services other than capital assets	208.5	272.7	259.3	262.5	8.0%	56.1%	277.4	284.0	293.9	3.8%	51.0%
<i>of which:</i>											
<i>Sales by market establishment</i>	208.5	272.7	259.3	262.5	8.0%	56.1%	277.4	284.0	293.9	3.8%	51.0%
Other non-tax revenue	51.5	38.2	26.7	19.1	-28.2%	7.9%	17.2	17.6	17.9	-2.0%	3.3%
<b>Transfers received</b>	<b>128.7</b>	<b>126.3</b>	<b>192.5</b>	<b>203.0</b>	<b>16.4%</b>	<b>36.0%</b>	<b>256.1</b>	<b>307.4</b>	<b>245.0</b>	<b>6.5%</b>	<b>45.7%</b>
<b>Total revenue</b>	<b>389.4</b>	<b>437.2</b>	<b>478.5</b>	<b>484.6</b>	<b>7.6%</b>	<b>100.0%</b>	<b>550.7</b>	<b>609.0</b>	<b>556.8</b>	<b>4.7%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>366.9</b>	<b>393.7</b>	<b>462.5</b>	<b>483.1</b>	<b>9.6%</b>	<b>100.0%</b>	<b>502.4</b>	<b>522.5</b>	<b>543.4</b>	<b>4.0%</b>	<b>100.0%</b>
Compensation of employees	227.2	248.1	245.8	268.4	5.7%	58.4%	279.2	290.3	302.0	4.0%	55.6%
Goods and services	123.8	129.9	199.0	196.8	16.7%	37.6%	204.7	212.9	221.4	4.0%	40.7%
Depreciation	12.4	13.0	14.6	17.8	12.8%	3.4%	18.5	19.3	20.1	4.0%	3.7%
Interest, dividends and rent on land	3.5	2.7	3.1	-	-100.0%	0.6%	-	-	-	-	-
<b>Total expenses</b>	<b>366.9</b>	<b>393.7</b>	<b>462.5</b>	<b>483.1</b>	<b>9.6%</b>	<b>100.0%</b>	<b>502.4</b>	<b>522.5</b>	<b>543.4</b>	<b>4.0%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>22.0</b>	<b>43.0</b>	<b>16.0</b>	<b>1.0</b>	<b>-64.3%</b>		<b>48.0</b>	<b>86.0</b>	<b>13.0</b>	<b>135.1%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	211.6	260.4	248.4	247.8	5.4%	41.6%	253.5	272.5	292.2	5.7%	39.4%
<i>of which:</i>											
<i>Acquisition of assets</i>	63.8	70.5	60.6	48.6	-8.7%	10.5%	68.6	72.0	72.0	14.0%	9.6%
Investments	246.8	274.5	255.3	304.7	7.3%	46.5%	339.2	400.7	369.8	6.7%	52.1%
Inventory	5.7	5.5	5.6	5.7	0.1%	1.0%	5.7	5.7	5.7	-	0.9%
Receivables and prepayments	43.9	45.7	45.5	45.7	1.4%	7.8%	45.7	45.7	45.7	-	6.8%
Cash and cash equivalents	20.7	30.8	13.1	5.5	-35.6%	3.0%	5.5	5.5	5.5	-	0.8%
Taxation	0.5	0.5	0.5	0.5	-2.9%	0.1%	0.5	0.5	0.5	-	0.1%
<b>Total assets</b>	<b>529.2</b>	<b>617.4</b>	<b>568.2</b>	<b>609.9</b>	<b>4.8%</b>	<b>100.0%</b>	<b>650.1</b>	<b>730.7</b>	<b>719.5</b>	<b>5.7%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	231.5	276.3	293.8	295.2	8.4%	47.2%	343.5	430.0	443.4	14.5%	55.4%
Capital and reserves	132.9	131.6	130.2	128.9	-1.0%	22.6%	127.5	126.2	124.8	-1.1%	18.8%
Deferred income	100.9	116.8	70.6	119.3	5.8%	17.5%	111.0	104.9	78.2	-13.1%	15.5%
Trade and other payables	35.0	64.1	44.0	35.0	-	7.6%	35.0	35.0	35.0	-	5.2%
Provisions	28.9	28.6	29.7	31.5	3.0%	5.1%	33.1	34.7	38.1	6.6%	5.1%
<b>Total equity and liabilities</b>	<b>529.2</b>	<b>617.4</b>	<b>568.2</b>	<b>609.9</b>	<b>4.8%</b>	<b>100.0%</b>	<b>650.1</b>	<b>730.7</b>	<b>719.5</b>	<b>5.7%</b>	<b>100.0%</b>

## Personnel information

**Table 32.22 Council for Mineral Technology**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	870	870	790	245.8	0.3	815	268.4	0.3	838	279.2	0.3	838	290.3	0.3	838	302.0	0.4	4.0%	100.0%
1 – 6	303	303	275	26.9	0.1	279	29.7	0.1	294	30.8	0.1	294	31.9	0.1	294	33.0	0.1	3.6%	34.9%
7 – 10	284	284	258	68.6	0.3	269	74.1	0.3	276	79.2	0.3	276	82.5	0.3	276	85.3	0.3	4.8%	33.0%
11 – 12	205	205	186	84.3	0.5	193	90.1	0.5	193	93.9	0.5	193	98.5	0.5	193	102.7	0.5	4.5%	23.2%
13 – 16	78	78	70	63.9	0.9	73	72.3	1.0	73	73.0	1.0	73	75.2	1.0	73	78.4	1.1	2.8%	8.8%
17 – 22	1	1	1	2.1	2.1	1	2.3	2.3	1	2.3	2.3	1	2.4	2.4	1	2.5	2.5	3.0%	0.1%

1. Rand million.

## Expenditure trends

Revenue for the Council for Mineral Technology is mainly generated from commercial companies that purchase products, services and contracted research from the council. The council also receives transfer payments from the department.

The department's transfer payment to the council increased between 2010/11 and 2013/14, and is expected to increase to R245 million in 2016/17. This is due to additional funding received between 2011/12 and 2012/13 for research in water treatment, the rehabilitation of derelict and ownerless mines, the establishment of a precious gemstone facility in Northern Cape, waste and scrap reprocessing, and the building of a pilot plant for rare earth elements.

Revenue is expected to increase further over the medium term as a result of technical projects undertaken in the past years. These include the successful commissioning and implementation of the demonstration plant for water atomisation of alloys, a project with a cost of R44 million which was finalised in 2012/13. This project is expected to provide revenue streams over the medium term.

The spending focus over the medium term will include research and development activities in the commodity sector, advanced and specialty metals, water treatment research to protect water resources, the rehabilitation of derelict and ownerless mines, the development of technology for the treatment of acid mine drainage, and the promotion of value added downstream beneficiation. Further research on enhancing extraction techniques involving hydrometallurgy, pyro metallurgy and biotechnology; and accessing and processing low grade and complex ore bodies, residues and exposed rocks facility, will also be prioritised.

Compensation of employees takes up 55.4 per cent of the Council's total expenditure in 2013/14 due to the labour intensive nature of research and project work, with consultants mainly used for outsourcing arrangements such as the maintenance of the campus, security, garden services, canteen costs and IT support. Over the medium term, expenditure on compensation of employees and goods and services is expected to increase due to the strategic drive to attract, develop, nurture and retain a skilled workforce for research and other project work. The number of positions will increase from 815 in 2013/14 to 838 over the medium term to enable the council to carry out more research work, and to increase profits from commercial revenue. There were 55 vacancies at the end of November 2013 due to the significant increase in resignations, mainly in the professional field. However, over the medium term, the council will strive to fill all vacancies through its strategic recruitment plan.

Over the medium term, the council will continue to be vigilant with regard to unnecessary spending by enforcing strict controls over spending through procurement processes. The Cabinet approved budget reduction of R20 million over the medium term is to be effected on travel and subsistence under research projects. However, this reduction will not negatively impact on service delivery as commercial revenue is expected to increase over the medium term.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Mine Health and Safety Council** is mandated to advise the Minister of Mineral Resources on all occupational health and safety issues in the mining industry, and to develop legislation, conduct research, promote mine health and safety issues, and liaise with other bodies. The council's total budget for 2014/15 is R75.1 million.
- The **South African Diamond and Precious Metals Regulator** is mandated to regulate the diamond, platinum and gold industries, and accelerate beneficiation in the jewellery industry. The regulator's total budget for 2014/15 is R80.3 million.
- The **State Diamond Trader** is mandated to promote equitable access to diamonds and local beneficiation. Revenue is generated by selling rough diamonds to clients, who consist mainly of diamond polishers and cutters. The entity's budget for 2014/15 is R569.8 million.

# Vote 33

## Rural Development and Land Reform

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	1 169.7	1 134.8	25.4	9.5	1 241.2	1 317.6
National Geomatics Management Services	774.9	649.0	117.8	8.1	826.5	877.8
Rural Development	2 011.6	956.1	1 051.6	3.9	2 006.1	2 226.2
Restitution	2 680.7	364.0	2 314.7	2.1	2 661.4	3 258.5
Land Reform	2 818.4	445.7	2 372.2	0.5	2 839.3	2 993.1
<b>Total expenditure estimates</b>	<b>9 455.3</b>	<b>3 549.6</b>	<b>5 881.7</b>	<b>24.0</b>	<b>9 574.5</b>	<b>10 673.3</b>

Executive authority: Minister of Rural Development and Land Reform  
 Accounting officer: Director General of Rural Development and Land Reform  
 Website address: [www.ruraldevelopment.gov.za](http://www.ruraldevelopment.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Create and maintain an equitable and sustainable land dispensation and act as a catalyst in rural development to ensure sustainable rural livelihoods, decent work and continued social and economic advancement for all South Africans.*

### Mandate

The Department of Rural Development and Land Reform executes its legislative mandate around the following acts:

- The Restitution of Land Rights Act (1994) provides for the restitution of rights in land to persons or communities dispossessed of such rights after 19 June 1913. The act makes provision for the establishment of the Commission on Restitution of Land Rights and the Land Claims Court. The minister is authorised to purchase, acquire and expropriate land or rights in land for the purpose of restitution awards.
- The Provision of Land and Assistance Act (1993) provides for the designation of certain land, the regulation of the subdivision of such land and the settlement of persons thereon. It also provides for the acquisition, maintenance, planning, development, improvement and disposal of property and the provision of financial assistance for land reform purposes.
- The Communal Property Associations Act (1996) enables communities to form juristic persons, to be known as communal property associations, in order to acquire, hold and manage property on a basis agreed to by members of a community in terms of a written constitution.
- The Transformation of Certain Rural Areas Act (1998) provides for the transfer of certain land to municipalities and certain other legal entities, as well as for the removal of restrictions on the alienation of land.
- The Physical Planning Act (1991) promotes the orderly physical development of South Africa, and for that purpose, makes provisions for the division of the country into regions, and for the preparation of national development plans, regional development plans, regional structure plans and urban structure plans.
- The Deeds Registries Act (1937) provides for the administration of the land registration system and the registration of land rights.

In addition to overseeing land restitution, the department is also mandated to initiate, facilitate, coordinate, catalyse and implement an integrated rural development programme, which is linked to the need to create vibrant, equitable and sustainable rural communities (outcome 7).

## **Strategic goals**

The department's strategic goals over the medium term are to:

- foster effective land reform and land restitution programmes
- implement sustainable agrarian reform through increased access to and productive use of land
- ensure spatial equity through effective land planning and administration
- reform the policy, legislative and institutional environment
- improve food production and access to affordable and diverse food
- improve rural services to support sustainable rural livelihoods
- improve access to sustainable employment and skills development
- improve institutional arrangements for effective cooperative governance, stakeholder participation and service excellence.

## **Programme purposes**

### **Programme 1: Administration**

**Purpose:** Provide corporate management services. Oversee departmental capital works. Provide bursaries to non-employees.

### **Programme 2: National Geomatics Management Services**

**Purpose:** Provide geospatial information, cadastral surveys, deeds registration, spatial planning, and other technical services in support of sustainable land development.

### **Programme 3: Rural Development**

**Purpose:** Catalyse, initiate, facilitate, and coordinate the implementation of a comprehensive rural development programme leading to sustainable and vibrant rural communities.

### **Programme 4: Restitution**

**Purpose:** Settle land restitution claims under the Restitution of Land Rights Act (1994) and provide settlement support to beneficiaries.

### **Programme 5: Land Reform**

**Purpose:** Provide sustainable land reform programmes in South Africa.

## Selected performance indicators

**Table 33.1 Rural Development and Land Reform**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of hectares acquired per year <sup>1</sup>	Land Reform	Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all	322 844 ha	392 850 ha	157 556 ha	311 917 ha	390 000 ha	370 000 ha	380 000 ha
Number of new farms recapitalised per year <sup>2</sup>	Land Reform		411	257	200	344	719	831	867
Number of state domestic facilities surveyed per year <sup>3, 4</sup>	National Geomatics Management Services		-	-	-	-	1 500	1 500	1 500
Number of land claims finalised per year <sup>4</sup>	Restitution		-	-	-	-	239	373	371
Number of enterprise opportunities facilitated and coordinated in rural development initiatives (agriculture and other sectors) by government stakeholders per year <sup>4</sup>	Rural Development		-	-	-	90	210	222	235
Number of new participants in the national rural youth services corps per year			7 401	5 300	5 881	4 600	5 000	5 000	5 000
Number of socioeconomic infrastructure projects coordinated and facilitated per year <sup>4</sup>			-	-	-	-	31	29	30

1. The decline in the number of hectares acquired per year in 2012/13 is due to reprioritisation of funds from the land reform programme.

2. More funds have been allocated for the recapitalisation and development programme to speed up the land reform process, hence the projections are higher.

3. State domestic facilities refer to hospitals, clinics and schools.

4. This indicator will be measured from 2013/14 or 2014/15.

## The national development plan

The national development plan proposes that an additional 1 million jobs be created in agriculture and related industries by 2030. The department contributes to the proposed rural development strategy in the national development plan by facilitating the provision of basic services infrastructure and delivery to rural households and assisting them with livelihood projects to promote community economic development.

Agriculture is the primary economic activity in rural areas. The department's land reform and rural development programmes are committed to acquiring and allocating land for agricultural projects. To ensure that these projects are productive, agricultural support is being provided through recapitalisation, mentoring and development programmes as well as the animal and veld management programme. The department is committed to supporting rural enterprises and employment in various ways including the training of rural entrepreneurs. It also ensures that, where infrastructural projects take place, labour from local communities is contracted. The department, over the medium term, plans to work with the private sector as an enabling partner in support of the government build programme.

The national development plan identifies spatial disparities and slow economic growth as the main causes of underdevelopment in rural areas. To give effect to the plan, the department will continue to reprioritise funds over the medium term towards rural development, and to geospatial and cadastral service land survey programmes used to identify and survey agriculturally-viable land which can be allocated to smallholder farmers to contribute towards rural development.

In contributing to the implementation of the national development plan over the past five years, the department has assisted over 2 296 households in producing their own food, provided basic infrastructure to more than 2 502 households, trained 13 000 rural youth in a range of skills and settled 77 334 restitution claims. Over the medium term, the department will survey 4 800 state domestic facilities, employ an additional 15 000 rural youth and recapitalise 2 417 farms.

## Expenditure estimates

Table 33.2 Rural Development and Land Reform

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16		
	R million											
Administration	686.6	934.4	1 103.4	1 189.8	1 189.8	20.1%	11.7%	1 169.7	1 241.2	1 317.6	3.5%	12.6%
National Geomatics Management Services	371.7	583.0	548.4	794.7	794.7	28.8%	6.9%	774.9	826.5	877.8	3.4%	8.4%
Rural Development	360.5	786.3	1 075.6	1 792.4	1 792.4	70.7%	12.0%	2 011.6	2 006.1	2 226.2	7.5%	20.5%
Restitution	3 766.8	2 376.3	2 865.7	2 916.8	2 916.8	-8.2%	35.6%	2 680.7	2 661.4	3 258.5	3.8%	29.4%
Land Reform	1 937.2	3 317.8	3 326.5	2 766.0	2 766.0	12.6%	33.9%	2 818.4	2 839.3	2 993.1	2.7%	29.2%
<b>Total</b>	<b>7 122.9</b>	<b>7 997.7</b>	<b>8 919.6</b>	<b>9 459.7</b>	<b>9 459.7</b>	<b>9.9%</b>	<b>100.0%</b>	<b>9 455.3</b>	<b>9 574.5</b>	<b>10 673.3</b>	<b>4.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-	-			(450.0)	(700.0)	(170.0)		
<b>Economic classification</b>												
<b>Current payments</b>	<b>2 136.8</b>	<b>2 714.8</b>	<b>3 180.1</b>	<b>4 599.2</b>	<b>4 599.2</b>	<b>29.1%</b>	<b>37.7%</b>	<b>3 549.6</b>	<b>3 437.3</b>	<b>3 755.4</b>	<b>-6.5%</b>	<b>39.2%</b>
Compensation of employees	946.7	1 373.3	1 727.8	1 965.4	1 965.4	27.6%	17.9%	2 195.8	2 024.7	2 270.6	4.9%	21.6%
Goods and services	1 122.9	1 334.8	1 416.6	2 633.8	2 633.8	32.9%	19.4%	1 353.8	1 412.7	1 484.7	-17.4%	17.6%
<i>of which:</i>												
Computer services	96.0	103.5	98.9	217.2	217.2	31.3%	1.5%	112.9	114.5	120.4	-17.8%	1.4%
Consultants and professional services: Business and advisory services	158.4	152.0	233.5	953.3	953.3	81.9%	4.5%	252.3	269.1	281.4	-33.4%	4.5%
Travel and subsistence	149.7	229.2	321.2	491.4	491.4	48.6%	3.6%	282.8	293.6	308.8	-14.3%	3.5%
Training and development	14.5	25.4	21.0	232.1	232.1	152.1%	0.9%	131.2	135.7	142.7	-15.0%	1.6%
Interest and rent on land	67.2	6.7	35.7	-	-	-100.0%	0.3%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>4 167.5</b>	<b>5 104.4</b>	<b>5 604.9</b>	<b>4 819.8</b>	<b>4 819.8</b>	<b>5.0%</b>	<b>58.8%</b>	<b>5 881.7</b>	<b>6 113.3</b>	<b>6 893.0</b>	<b>12.7%</b>	<b>60.5%</b>
Provinces and municipalities	0.1	23.4	0.6	0.2	0.2	25.0%	0.1%	0.2	0.2	0.2	-2.8%	0.0%
Departmental agencies and accounts	1 065.5	2 629.8	2 328.3	1 934.3	1 934.3	22.0%	23.8%	2 068.5	1 951.2	2 054.3	2.0%	20.4%
Foreign governments and international organisations	1.1	1.2	1.5	1.8	1.8	15.6%	0.0%	1.5	1.5	1.6	-3.9%	0.0%
Public corporations and private enterprises	-	51.4	193.4	58.5	58.5	-	0.9%	0.0	0.0	0.0	-97.4%	0.1%
Non-profit institutions	2.4	15.5	5.1	2.8	2.8	5.5%	0.1%	3.0	3.2	3.3	5.3%	0.0%
Households	3 098.3	2 383.1	3 076.2	2 822.2	2 822.2	-3.1%	34.0%	3 808.5	4 157.3	4 833.6	19.6%	39.9%
<b>Payments for capital assets</b>	<b>815.7</b>	<b>175.3</b>	<b>124.2</b>	<b>40.8</b>	<b>40.8</b>	<b>-63.2%</b>	<b>3.5%</b>	<b>24.0</b>	<b>23.8</b>	<b>24.9</b>	<b>-15.2%</b>	<b>0.3%</b>
Buildings and other fixed structures	-	-	61.1	1.0	1.0	-	0.2%	-	-	-	-100.0%	0.0%
Machinery and equipment	43.3	43.3	41.5	38.1	38.1	-4.2%	0.5%	22.6	22.5	23.5	-14.9%	0.3%
Land and sub-soil assets	772.4	132.0	21.6	-	-	-100.0%	2.8%	-	-	-	-	-
Software and other intangible assets	-	-	-	1.7	1.7	-	0.0%	1.5	1.4	1.4	-5.2%	0.0%
<b>Payments for financial assets</b>	<b>2.8</b>	<b>3.2</b>	<b>10.4</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7 122.9</b>	<b>7 997.7</b>	<b>8 919.6</b>	<b>9 459.7</b>	<b>9 459.7</b>	<b>9.9%</b>	<b>100.0%</b>	<b>9 455.3</b>	<b>9 574.5</b>	<b>10 673.3</b>	<b>4.1%</b>	<b>100.0%</b>

## Personnel information

Table 33.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Rural Development and Land Reform	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary level	4 950	384	4 240	1 727.8	0.4	3 958	1 965.4	0.5	5 395	2 195.8	0.4	5 395	2 024.7	0.4	5 395	2 270.6	0.4	10.9%	100.0%
1 - 6	1 159	218	1 206	186.2	0.2	1 179	248.5	0.2	1 330	278.1	0.2	1 330	292.9	0.2	1 330	309.1	0.2	4.1%	25.7%
7 - 10	2 646	96	2 078	552.2	0.3	1 964	724.9	0.4	2 507	867.1	0.3	2 507	912.4	0.4	2 507	964.7	0.4	8.5%	47.1%
11 - 12	869	65	641	320.7	0.5	606	373.8	0.6	793	477.7	0.6	793	503.0	0.6	793	530.9	0.7	9.4%	14.8%
13 - 16	276	5	315	244.0	0.8	209	190.8	0.9	265	253.0	1.0	265	275.1	1.0	265	297.9	1.1	8.2%	5.0%
Other	-	-	-	424.7	-	-	427.3	-	500	319.9	0.6	500	41.3	0.1	500	168.0	0.3	-	7.4%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on developing rural areas focusing on rural infrastructure and service delivery to ensure equitable and sustainable rural communities creating decent work and continued socioeconomic advancement for all South Africans in line with outcome 7 (vibrant, equitable and sustainable rural communities with food security for all). The comprehensive rural development programme; integrated spatial planning and land use management; land reform; and the finalisation of land restitution claims, are the department's core policy priorities in pursuit of these objectives and are implemented by the *Rural Development, Restitution and Land Reform* programmes, to which 79.1 per cent of the department's budget is allocated over the medium term.

The comprehensive rural development programme, approved by Cabinet in 2009, was set up to empower rural communities to be active participants in their own development and to provide strategic investments in rural socioeconomic infrastructure. The rural development programme accounts for the increased spending on consultants and travel and subsistence which grew significantly between 2010/11 and 2013/14 in the *Rural Development* programme. The increases in expenditure in the same period were as a result of a high number of participants in the national rural youth service corps who were trained and supported to provide services in their communities.

Over the medium term, R2.6 billion is shifted to the *Rural Development* programme, in part to provide funds for basic services infrastructure to households. In addition, R2.4 billion and R2.1 billion in the same period are reprioritised from the *Restitution* and *Land Reform* programmes to be used as transfers to households in the *Rural Development* programme. This shift decreases spending on consultants and travel and subsistence, and increases spending on transfers to households over the period.

Furthermore, of the funds shifted from the *Restitution* and *Land Reform* programmes, R870 million is allocated to drive electronic mapping, cadastre and spatial planning and land use management in the *Geospatial and Cadastral Services* programme and R1 billion is allocated to the *Administration* programme to allow the department to employ more staff in regional offices to improve service delivery.

As part of Cabinet approved reductions, expenditure in the *Rural Development* programme over the medium term will be reduced by R400 million from the economic competitiveness support package for the implementation of the national youth services corps while the land claims grant in the *Restitution* programme is reduced by R710 million. The department will reprioritise funds from non-core services to compensate for any shortfalls.

The department had a funded establishment of 4 950 posts and 384 posts are filled in addition to this establishment. 992 posts were vacant at the end of November 2013 due to natural attrition. Expenditure on compensation of employees increases significantly over the medium term due to the implementation of the occupation specific dispensation for technicians and professional surveyors, professional town and regional planners, and the increase in the number of personnel from 3 958 in 2013/14 to 5 395 in 2016/17 as the department reduces its use of consultants in favour of its own personnel.

Although a Cabinet approved budget reduction of R210 million over the medium term was implemented on spending on compensation of employees, the additional personnel will be provided for from funds reallocated from spending on consultants under goods and services, which explains the significant decrease projected in this item over the medium term.

### Infrastructure spending

Expenditure on payments for capital assets increased in 2010/11 due to the office accommodation project, which the department, together with other renovations, upgrades and installations, is undertaking. Expenditure on payments for capital assets is expected to increase over the medium term, from R24 million in 2014/15 to R24.9 million in 2016/17, as more projects are implemented over this period.

## Departmental receipts

Table 33.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	<b>48 802</b>	<b>46 150</b>	<b>79 624</b>	<b>78 175</b>	<b>78 175</b>	<b>17.0%</b>	<b>100.0%</b>	<b>42 058</b>	<b>40 175</b>	<b>41 383</b>	<b>-19.1%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>18 420</b>	<b>19 058</b>	<b>20 140</b>	<b>20 584</b>	<b>20 584</b>	<b>3.8%</b>	<b>30.9%</b>	<b>20 753</b>	<b>21 272</b>	<b>21 913</b>	<b>2.1%</b>	<b>41.9%</b>
Sales by market establishments	1 027	953	881	935	935	-3.1%	1.5%	1 042	950	981	1.6%	1.9%
of which:												
Market establishment: Non-residential building	977	904	877	935	935	-1.5%	1.5%	985	900	925	-0.4%	1.9%
Market establishment: Parking: Covered and open	50	49	4	-	-	-100.0%	-	57	50	56	-	0.1%
Administration fees	14 603	15 168	16 325	16 902	16 902	5.0%	24.9%	17 080	17 421	17 944	2.0%	34.4%
of which:												
Servitude rights	989	703	976	1 100	1 100	3.6%	1.5%	425	420	433	-26.7%	1.2%
Surveyor inspection fees	13 613	14 464	15 348	15 800	15 800	5.1%	23.4%	16 654	17 000	17 510	3.5%	33.2%
Request information: Promotion of Access to Information Act (2000)	1	1	1	2	2	26.0%	-	1	1	1	-20.6%	-
Other sales	2 790	2 937	2 934	2 747	2 747	-0.5%	4.5%	2 631	2 901	2 988	2.8%	5.6%
of which:												
Services rendered: Commission on insurance and garnishees	412	496	569	467	467	4.3%	0.8%	493	500	515	3.3%	1.0%
Services rendered: Management fees	2	22	1	34	34	157.1%	-	36	1	1	-69.1%	-
Sales: Tender documents	4	151	229	200	200	268.4%	0.2%	50	150	155	-8.1%	0.3%
Sales: Maps	2 118	1 883	1 949	1 888	1 888	-3.8%	3.1%	1 884	1 880	1 936	0.8%	3.8%
Plan sales: Charts/posters	254	385	186	158	158	-14.6%	0.4%	168	370	381	34.1%	0.5%
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>4</b>	<b>12</b>	<b>2</b>	<b>35</b>	<b>35</b>	<b>106.1%</b>	<b>-</b>	<b>14</b>	<b>3</b>	<b>3</b>	<b>-55.9%</b>	<b>-</b>
of which:												
Sales: Scrap	4	8	2	34	34	104.1%	-	13	2	2	-61.1%	-
Sales: Waste paper	-	4	-	1	1	-	-	1	1	1	-	-
<b>Interest, dividends and rent on land</b>	<b>25 088</b>	<b>15 165</b>	<b>31 507</b>	<b>14 501</b>	<b>14 501</b>	<b>-16.7%</b>	<b>34.1%</b>	<b>15 287</b>	<b>13 000</b>	<b>13 390</b>	<b>-2.6%</b>	<b>27.8%</b>
Interest	19 268	10 867	22 558	10 915	10 915	-17.3%	25.2%	11 507	8 000	8 240	-8.9%	19.2%
Rent on land	5 820	4 298	8 949	3 586	3 586	-14.9%	9.0%	3 780	5 000	5 150	12.8%	8.7%
<b>Sales of capital assets</b>	<b>225</b>	<b>1 606</b>	<b>205</b>	<b>200</b>	<b>200</b>	<b>-3.9%</b>	<b>0.9%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>
<b>Transactions in financial assets and liabilities</b>	<b>5 065</b>	<b>10 309</b>	<b>27 770</b>	<b>42 855</b>	<b>42 855</b>	<b>103.8%</b>	<b>34.0%</b>	<b>6 004</b>	<b>5 900</b>	<b>6 077</b>	<b>-47.9%</b>	<b>30.1%</b>
<b>Total</b>	<b>48 802</b>	<b>46 150</b>	<b>79 624</b>	<b>78 175</b>	<b>78 175</b>	<b>17.0%</b>	<b>100.0%</b>	<b>42 058</b>	<b>40 175</b>	<b>41 383</b>	<b>-19.1%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 33.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
Ministry	19.4	20.1	24.3	24.7	8.3%	2.3%	26.8	28.9	30.7	7.6%	2.3%	
Management	35.7	62.7	80.1	136.9	56.5%	8.1%	161.0	172.0	182.1	10.0%	13.3%	
Internal Audit	34.4	33.0	48.3	48.3	12.0%	4.2%	63.2	66.4	70.4	13.4%	5.0%	
Corporate Services	299.0	337.3	367.5	380.2	8.3%	35.4%	398.7	415.7	440.1	5.0%	33.2%	
Financial Services	103.4	163.1	127.6	165.1	16.9%	14.3%	173.3	182.0	193.0	5.3%	14.5%	
Provincial Coordination	73.0	164.1	273.1	293.0	58.9%	20.5%	284.5	311.2	333.0	4.4%	24.8%	
Office Accommodation	121.7	154.1	182.5	141.7	5.2%	15.3%	62.1	64.9	68.4	-21.6%	6.9%	
<b>Total</b>	<b>686.6</b>	<b>934.4</b>	<b>1 103.4</b>	<b>1 189.8</b>	<b>20.1%</b>	<b>100.0%</b>	<b>1 169.7</b>	<b>1 241.2</b>	<b>1 317.6</b>	<b>3.5%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				249.1			276.7	293.8	311.5			

Table 33.5 Administration

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
	2013/14 - 2016/17		2013/14 - 2016/17									
R million	658.2	890.1	1 014.7	1 130.3	19.8%	94.4%	1 134.8	1 204.9	1 279.6	4.2%	96.6%	
<b>Current payments</b>	<b>658.2</b>	<b>890.1</b>	<b>1 014.7</b>	<b>1 130.3</b>	<b>19.8%</b>	<b>94.4%</b>	<b>1 134.8</b>	<b>1 204.9</b>	<b>1 279.6</b>	<b>4.2%</b>	<b>96.6%</b>	
Compensation of employees	250.0	362.0	430.6	629.9	36.1%	42.7%	684.7	731.6	781.1	7.4%	57.5%	
Goods and services	408.2	528.1	584.1	500.5	7.0%	51.6%	450.1	473.3	498.5	-0.1%	39.1%	
of which:												
Computer services	81.7	78.9	77.3	63.2	-8.2%	7.7%	95.9	97.8	102.9	17.6%	7.3%	
Consultants and professional services:	14.0	23.1	34.8	54.5	57.4%	3.2%	66.1	71.2	76.0	11.7%	5.4%	
Business and advisory services												
Travel and subsistence	33.7	48.5	67.6	31.9	-1.8%	4.6%	33.1	36.8	38.6	6.6%	2.9%	
Training and development	8.5	11.4	15.3	8.8	1.0%	1.1%	5.4	7.6	7.9	-3.8%	0.6%	
<b>Transfers and subsidies</b>	<b>14.6</b>	<b>32.1</b>	<b>64.4</b>	<b>43.4</b>	<b>43.9%</b>	<b>3.9%</b>	<b>25.4</b>	<b>26.7</b>	<b>28.1</b>	<b>-13.5%</b>	<b>2.5%</b>	
Provinces and municipalities	0.0	0.0	0.0	0.1	121.7%	-	0.1	0.1	0.1	9.7%	-	
Departmental agencies and accounts	-	-	5.0	3.2	-	0.2%	3.4	3.6	3.8	6.0%	0.3%	
Public corporations and private enterprises	-	11.2	32.3	20.0	-	1.6%	-	-	-	-100.0%	0.4%	
Households	14.6	20.8	27.1	20.1	11.4%	2.1%	21.9	22.9	24.1	6.3%	1.8%	
<b>Payments for capital assets</b>	<b>13.5</b>	<b>11.8</b>	<b>22.4</b>	<b>16.1</b>	<b>6.0%</b>	<b>1.6%</b>	<b>9.5</b>	<b>9.6</b>	<b>9.9</b>	<b>-14.8%</b>	<b>0.9%</b>	
Buildings and other fixed structures	-	-	7.8	-	-	0.2%	-	-	-	-	-	
Machinery and equipment	13.5	11.8	14.6	16.1	6.0%	1.4%	9.5	9.6	9.9	-14.8%	0.9%	
<b>Payments for financial assets</b>	<b>0.4</b>	<b>0.4</b>	<b>1.9</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>686.6</b>	<b>934.4</b>	<b>1 103.4</b>	<b>1 189.8</b>	<b>20.1%</b>	<b>100.0%</b>	<b>1 169.7</b>	<b>1 241.2</b>	<b>1 317.6</b>	<b>3.5%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>9.6%</b>	<b>11.7%</b>	<b>12.4%</b>	<b>12.6%</b>			<b>12.4%</b>	<b>13.0%</b>	<b>12.3%</b>			

## Details of selected transfers and subsidies

Departmental agencies and accounts	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	-	-	5.0	3.2	-	0.2%	-	3.6	3.8	6.0%	0.2%
Public Sector Education and Training Authority	-	-	-	3.2	-	0.1%	-	3.6	3.8	6.0%	0.2%
Human Sciences Resource Council	-	-	5.0	-	-	0.1%	-	-	-	-	-
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	-	-	32.3	-	-	0.8%	-	-	-	-	-
Coega	-	-	32.3	-	-	0.8%	-	-	-	-	-
<b>Private enterprises</b>											
<b>Other transfers to private enterprises</b>											
<b>Current</b>	-	11.2	-	20.0	-	0.8%	(21.1)	-	-	-100.0%	-
Coega	-	11.2	-	20.0	-	0.8%	(21.1)	-	-	-100.0%	-
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	14.4	20.3	26.7	20.1	11.6%	2.1%	-	22.9	24.1	6.3%	1.4%
Bursaries for non-employees	14.4	20.3	26.7	20.1	11.6%	2.1%	-	22.9	24.1	6.3%	1.4%

## Personnel information

Table 33.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment													Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17								
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
<b>Salary level</b>	<b>1 863</b>	<b>27</b>	<b>1 490</b>	<b>430.6</b>	<b>0.3</b>	<b>1,365</b>	<b>629.9</b>	<b>0.5</b>	<b>2 258</b>	<b>684.7</b>	<b>0.3</b>	<b>2 258</b>	<b>731.6</b>	<b>0.3</b>	<b>2 258</b>	<b>781.1</b>	<b>0.3</b>	<b>18.3%</b>	<b>100.0%</b>
1 - 6	576	14	555	83.1	0.1	493	98.9	0.2	574	121.2	0.2	574	127.7	0.2	574	134.5	0.2	5.2%	27.2%
7 - 10	921	11	643	182.2	0.3	623	208.8	0.3	843	297.5	0.4	843	313.6	0.4	843	330.2	0.4	10.6%	38.7%
11 - 12	262	1	201	99.4	0.5	175	103.6	0.6	242	150.2	0.6	242	158.3	0.7	242	166.7	0.7	11.4%	11.1%
13 - 16	104	1	91	65.9	0.7	74	64.7	0.9	99	91.7	0.9	99	96.6	1.0	99	101.7	1.0	10.2%	4.6%
Other	-	-	-	-	-	-	153.9	-	500	24.1	0.0	500	35.3	0.1	500	47.9	0.1	-	18.4%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing corporate services, financial services and provincial coordination within the department to ensure line functions are aligned with strategic and operational goals and adhere to good corporate governance practices. For this reason, the bulk of the programme's budget over the medium term is allocated to spending on personnel, IT services and consultants, who will provide audit services. Spending on these items is projected to grow over the medium term as the programme increases the number of posts from 1 365 in 2013/14 to 2 258 in 2016/17 to develop internal capacity in IT, governance and the enterprise programme management office, given an impending IT review and the implementation of an improved IT security system, to comply with recommendations from a previous audit.

Out of the department's total establishment of 1 863 funded posts and 27 posts additional to the establishment, there were 498 vacant posts at the end of November 2013. Most of these vacancies were in the *Provincial Coordination* subprogramme, which used provincial shared services centres that were established in 2009/10 to speed up service delivery.

Expenditure on compensation of employees increased significantly between 2010/11 and 2013/14, as the centres were brought up to full capacity. However, as part of the Cabinet approved budget reductions, the department is to reduce spending on compensation of employees in the *Provincial Coordination* subprogramme by R120 million over the medium term. The funds were reduced from the allocation for funded posts that are currently vacant in this subprogramme.

## Programme 2: National Geomatics Management Services

### Objectives

- Facilitate integrated spatial planning and land use management in all provinces by:
  - developing targeted policies and legislation to support efficient national spatial planning and land use management on an ongoing basis
  - developing and implementing the national spatial development framework to direct where government investment should go to yield results with maximum impact by 2016
  - supporting all municipalities to implement spatial planning and land use management by 2016
  - stimulating development in areas of poverty, and reducing spatial inequalities by 2016
  - supporting comprehensive rural development programme wards with spatial planning on an ongoing basis.
- Implement the South African spatial data infrastructure by:
  - developing and maintaining the technical infrastructure, standards and institutional frameworks by 2017
  - developing and monitoring the policy framework by 2017.
- Improve the efficiency of cadastral surveys management by:
  - reducing the turnaround time for the approval of cadastral documents from 20 days in 2012/13 to 14 days by 2016
  - reducing the time taken to process cadastral documents from 20 days in 2012 to 14 days in 2016 by implementing an electronic e-cadastre system by 2015
  - increasing the number of officials trained in geomatics from 57 in 2012 to 120 by 2016
  - automating the surveyor general and deeds registration processes by 2016.
- Ensure an integrated and comprehensive land administration system by:
  - increasing the surveying of state domestic facilities from 1 700 in 2013 to 4 500 by 2016
  - updating the land register annually
  - increasing the production and reviewing of maps for South Africa in the national map series from 1 637 in 2013 to 2 161 by 2016.

### Subprogrammes

- *National Geomatics Management Services* is responsible for: examining and approving all surveys of land and real rights that are intended to be registered in the deeds office; maintaining records; compiling,

maintaining and revising maps of property boundaries; providing cadastral advisory services to other government institutions; promoting and controlling all matters related to geodetic and topographical surveying; and providing geospatial information services, including South African spatial data infrastructure. In 2012/13, 57 people graduated from geomatics training and by the end of September 2013, a further 65 had been targeted for training. This subprogramme had a staff complement of 812 at the end of November 2013.

- *Spatial Planning and Land Use Management* provides for national land use management and spatial planning systems. In 2012/13, 14 spatial plans were formulated and by the end of September 2013, a further 39 plans had been formulated. Of those, 11 were draft spatial development frameworks, 25 draft precinct plans and 3 draft land use management schemes. This subprogramme had a staff complement of 205 at the end of November 2013.
- *Registration of Deeds Trading Account* provides a high quality deeds registration system whereby secure titles are registered and speedy and accurate information is provided. In 2013/14, R241 million was transferred to the account. In 2012, it took 21 days to register and process registrable diagrams and sectional plans. By the end of September 2013, it took 19 days to register and process diagrams and sectional plans. The trading account had a staff complement of 1 504 at the end of November 2013.
- *South African Council for Planners* transfers funds on an annual basis to the South African Council for Planners, a non-profit organisation dealing with the registration and other activities of the planning profession. In 2012/13, 2.4 million hectares of homeland was surveyed. The council had a staff complement of 34 at the end of November 2013.

## Expenditure estimates

**Table 33.7 National Geomatics Management Services**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14					2013/14 - 2016/17	
National Geomatics Management Services	273.3	361.5	445.5	537.0	25.2%	70.4%	460.5	489.3	520.0	-1.1%	61.3%
Spatial Planning and Land Use Management	68.1	75.6	89.0	177.1	37.5%	17.8%	198.1	213.3	227.5	8.7%	24.9%
Registration of Deeds Trading Account	27.9	143.3	11.1	77.7	40.8%	11.3%	113.2	120.7	127.1	17.8%	13.4%
South African Council for Planners	2.4	2.6	2.7	2.8	5.5%	0.5%	3.0	3.2	3.3	5.3%	0.4%
<b>Total</b>	<b>371.7</b>	<b>583.0</b>	<b>548.4</b>	<b>794.7</b>	<b>28.8%</b>	<b>100.0%</b>	<b>774.9</b>	<b>826.5</b>	<b>877.8</b>	<b>3.4%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				286.2			232.3	246.5	261.2		
<b>Economic classification</b>											
<b>Current payments</b>	<b>328.5</b>	<b>419.3</b>	<b>517.0</b>	<b>703.5</b>	<b>28.9%</b>	<b>85.7%</b>	<b>649.0</b>	<b>692.5</b>	<b>736.7</b>	<b>1.5%</b>	<b>85.0%</b>
Compensation of employees	241.2	292.4	321.2	376.8	16.0%	53.6%	480.8	515.5	550.4	13.5%	58.8%
Goods and services	87.4	126.8	195.9	326.7	55.2%	32.1%	168.2	177.0	186.4	-17.1%	26.2%
of which:											
Computer services	11.1	20.1	17.1	150.3	138.2%	8.6%	11.9	11.4	12.0	-56.9%	5.7%
Consultants and professional services:	16.6	14.6	31.6	82.4	70.6%	6.3%	84.0	89.1	93.9	4.5%	10.7%
Business and advisory services											
Travel and subsistence	16.2	37.5	70.7	22.6	11.7%	6.4%	17.9	18.6	19.6	-4.6%	2.4%
Training and development	1.0	1.5	1.4	1.0	1.3%	0.2%	1.4	1.3	1.4	11.8%	0.2%
<b>Transfers and subsidies</b>	<b>32.1</b>	<b>147.4</b>	<b>16.8</b>	<b>82.4</b>	<b>36.9%</b>	<b>12.1%</b>	<b>117.8</b>	<b>125.4</b>	<b>132.0</b>	<b>17.0%</b>	<b>14.0%</b>
Departmental agencies and accounts	27.9	143.3	11.1	77.7	40.8%	11.3%	113.2	120.7	127.1	17.8%	13.4%
Foreign governments and international organisations	1.1	1.2	1.5	1.8	15.6%	0.2%	1.5	1.5	1.6	-3.9%	0.2%
Non-profit institutions	2.4	2.6	2.7	2.8	5.5%	0.5%	3.0	3.2	3.3	5.3%	0.4%
Households	0.6	0.3	1.5	-	-100.0%	0.1%	0.1	0.0	0.0	-	-
<b>Payments for capital assets</b>	<b>10.8</b>	<b>15.6</b>	<b>13.6</b>	<b>8.8</b>	<b>-6.5%</b>	<b>2.1%</b>	<b>8.1</b>	<b>8.6</b>	<b>9.1</b>	<b>1.1%</b>	<b>1.1%</b>
Machinery and equipment	10.8	15.6	13.6	7.1	-12.8%	2.1%	6.7	7.3	7.7	2.4%	0.9%
Software and other intangible assets	-	-	-	1.7	-	0.1%	1.5	1.4	1.4	-5.2%	0.2%
<b>Payments for financial assets</b>	<b>0.3</b>	<b>0.8</b>	<b>0.9</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>371.7</b>	<b>583.0</b>	<b>548.4</b>	<b>794.7</b>	<b>28.8%</b>	<b>100.0%</b>	<b>774.9</b>	<b>826.5</b>	<b>877.8</b>	<b>3.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>5.2%</b>	<b>7.3%</b>	<b>6.1%</b>	<b>8.4%</b>			<b>8.2%</b>	<b>8.6%</b>	<b>8.2%</b>		

**Table 33.7 National Geomatics Management Services**

Details of selected transfers and subsidies											
R million	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	27.9	143.3	11.1	77.7	40.8%	11.3%	113.2	120.7	127.1	17.8%	13.4%
Registration of Deeds Trading Account	27.9	143.3	11.1	77.7	40.8%	11.3%	113.2	120.7	127.1	17.8%	13.4%
<b>Foreign governments and international organisations</b>											
<b>Current</b>	1.1	1.2	1.5	1.8	15.6%	0.2%	1.5	1.5	1.6	-3.9%	0.2%
Regional centre for mapping of resources for development	1.1	1.2	1.5	1.8	15.6%	0.2%	1.5	1.5	1.6	-3.9%	0.2%
<b>Non-profit institutions</b>											
<b>Current</b>	2.4	2.6	2.7	2.8	5.5%	0.5%	3.0	3.2	3.3	5.3%	0.4%
South African Council for Planners	2.4	2.6	2.7	2.8	5.5%	0.5%	3.0	3.2	3.3	5.3%	0.4%

## Personnel information

**Table 33.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

National Geomatics Management Services	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
<b>Salary level</b>	1 051	259	1 079	321.2	0.3	1 068	376.8	0.4	1 219	480.8	0.4	1 219	515.5	0.4	1 219	550.4	0.5	4.5%	100.0%
1 – 6	293	140	360	54.4	0.2	415	82.3	0.2	441	93.1	0.2	441	98.1	0.2	441	103.3	0.2	2.0%	36.8%
7 – 10	402	54	409	101.5	0.2	389	126.0	0.3	449	156.3	0.3	449	164.7	0.4	449	173.5	0.4	4.9%	36.7%
11 – 12	288	64	254	125.2	0.5	214	120.6	0.6	270	162.3	0.6	270	171.0	0.6	270	180.1	0.7	8.1%	21.7%
13 – 16	68	1	56	40.0	0.7	50	47.9	1.0	59	69.2	1.2	59	81.6	1.4	59	93.5	1.6	5.7%	4.8%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on ensuring that 80 per cent of municipalities are implementing the Spatial Planning and Land Use Management Act (2013) within the *National Geomatics Management Services* and *Spatial Planning and Land Use Management* subprogrammes. The programme will also focus its spending on enhancing effective land planning and administration by providing funding to the *Registration of Deeds Trading Account* subprogramme to finalise the land register.

Between 2010/11 and 2013/14, expenditure in the *National Geomatics Management Services* subprogramme increased significantly due to the implementation of the occupation specific dispensation, particularly for technicians and professional surveyors, the survey of unsurveyed state land, and the state land audit projects.

Over the medium term, expenditure in the *Spatial Planning and Land Use Management* subprogramme is set to increase due to the implementation of the Spatial Planning and Land Use Act (2013), which was enacted into law in August 2013; and the development of spatial plans and geographic information systems. The increase in expenditure in these subprogrammes is mostly notable on goods and service items such as consultants and computer services, which grew significantly over this period. At the end of 2012, 99.5 per cent of the state land registered had been verified, against a target of 100 per cent. The department aims to achieve 100 per cent functional land use by 2016 and have 60 per cent of land use schemes implemented in municipalities by 2016.

Expenditure on goods and services is expected to increase from 2015/16 due to the implementation of state domestic surveys, and the development of guidelines, tools and systems to facilitate and coordinate the implementation of the Spatial Planning and Land Use Management Act (2013) by municipalities. In addition, the transfer to the *Registration of Deeds Trading Account* subprogramme is also expected to increase over the medium term due to the implementation of the electronic register, which will speed up title deed registrations, turnaround times on verification and the capturing of registered deeds.

As part of Cabinet approved budget reductions, a reduction of R90 million on compensation of employees will be effected by the department in the *Spatial Planning and Land use Management* subprogramme over the medium term. This is not expected to have an impact on service delivery as the department will reprioritise R870 million from the *Land Reform and Restitution* programmes to this programme. This will drive an increase in the number of posts from 1 079 in 2012/13 to 1 219 in 2016/17. The additional personnel are needed to visit and orientate municipalities about the provisions of the Spatial Planning and Land Use Management Act (2013). As a result, spending on compensation of employees is projected to increase over the period.

The programme had a funded establishment of 1 051 posts, with 259 posts additional to the establishment and no vacancies at the end of November 2013. Expenditure on consultants is projected to increase from R82 million in 2013 to R94 million in 2016 and will be used to carry out cadastral research, which is aimed at supporting and promoting coordination, integrated spatial development and improved land use management. This will enable the programme to survey 1 500 state domestic facilities by 2016 and ensure that all nine provinces have integrated spatial plans.

## Programme 3: Rural Development

### Objectives

- Provide support to rural communities by improving the standard of living in all rural districts over the medium term by implementing the rural livelihoods strategy by 2016/17.
- Improve access to basic services such as water and sanitation by coordinating, facilitating and monitoring the provision of rural basic services infrastructure by 2017.
- Facilitate the development of 235 sustainable rural enterprises and industries in areas with economic development potential and opportunities by 2016 through the coordination of 90 socioeconomic infrastructure projects.
- Increase job opportunities created from 3 545 in 2013 to 4 800 in 2016 through rural development and land reform initiatives by 2017.
- Contribute to skills development in the farming sector by increasing the number of new participants in the national rural youth services corps training programme, which aims to equip young people to enter the workforce, from 4 600 in 2013/14 and 5 000 in each year of the MTEF period.

### Subprogrammes

- *Rural Infrastructure Development* facilitates improved access to basic services, and provides economic and income generating opportunities through improved physical infrastructure in rural areas. In 2012/13, 63 rural communities were assisted with agricultural infrastructure and services. By the end of September 2013, an additional 58 rural communities had been assisted. This subprogramme had a staff complement of 163 at the end of November 2013.
- *Rural Enterprise and Industrial Development* facilitates poverty reduction, social organisation, youth development, the development of cooperatives, rural enterprise and industry, the creation of an enabling institutional environment for sustainable rural development, and the provision of social and economic development and sustainable livelihoods in rural communities. Its functions are based on the social mobilisation of communities to ensure that these communities take ownership of rural development projects and programmes to establish rural development forums and partnerships, increase food security, increase youth development and social organisation, and create jobs through the creation of cooperatives and the development of rural enterprises and industries. In 2012/13, 2 131 households accessed food security programmes and interventions, such as food gardens. By the end of September 2013, an additional 985 households had accessed food security programmes. This subprogramme had a staff complement of 354 at the end of November 2013.
- *National Rural Youth Services Corps* is responsible for training rural youth in a variety of skills such as building and farming, or in skills to match the needs of the 23 district wards or communities from which they are recruited. Funding for this training is derived from the National Skills Fund. In 2012/13, 5 881 youth

participants received training. In 2013, it was estimated that 4 600 youth would be trained. The subprogramme had a staff complement of 138 at the end of November 2013.

## Expenditure estimates

**Table 33.9 Rural Development**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Rural Infrastructure Development	145.5	270.1	252.5	504.6	51.4%	29.2%	783.1	927.8	978.1	24.7%	39.7%
Rural Enterprise and Industrial Development	212.0	227.6	287.3	478.9	31.2%	30.0%	600.3	735.2	775.6	17.4%	32.2%
National Rural Youth Services Corps	3.0	288.5	535.8	808.9	544.4%	40.8%	628.2	343.0	472.6	-16.4%	28.0%
<b>Total</b>	<b>360.5</b>	<b>786.3</b>	<b>1 075.6</b>	<b>1 792.4</b>	<b>70.7%</b>	<b>100.0%</b>	<b>2 011.6</b>	<b>2 006.1</b>	<b>2 226.2</b>	<b>7.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				565.0			732.9	677.9	824.4		

### Economic classification

<b>Current payments</b>	<b>349.9</b>	<b>688.8</b>	<b>918.2</b>	<b>1 610.4</b>	<b>66.3%</b>	<b>88.9%</b>	<b>956.1</b>	<b>690.3</b>	<b>837.7</b>	<b>-19.6%</b>	<b>50.9%</b>
Compensation of employees	25.5	360.7	610.1	445.3	159.6%	35.9%	553.2	277.2	405.7	-3.1%	20.9%
Goods and services	324.4	328.1	308.1	1 165.1	53.1%	52.9%	402.9	413.1	432.0	-28.2%	30.0%
<i>of which:</i>											
Computer services	0.0	1.5	1.3	0.3	161.8%	0.1%	-	-	-	-100.0%	-
Consultants and professional services:	68.5	44.9	144.0	483.1	91.8%	18.4%	48.4	51.0	51.0	-52.7%	7.9%
Business and advisory services											
Travel and subsistence	16.7	41.0	79.9	373.5	181.5%	12.7%	185.6	188.8	198.7	-19.0%	11.8%
Training and development	3.7	11.4	2.8	217.9	288.4%	5.9%	118.0	119.3	125.6	-16.8%	7.2%
Interest and rent on land	0.1	-	-	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>90.8</b>	<b>100.8</b>	<b>180.3</b>	<b>1627.1%</b>	<b>9.3%</b>	<b>1 051.6</b>	<b>1 312.3</b>	<b>1 384.8</b>	<b>97.3%</b>	<b>48.9%</b>
Departmental agencies and accounts	-	37.7	90.8	141.8	-	6.7%	-	-	-	-100.0%	1.8%
Public corporations and private enterprises	-	40.2	7.5	38.5	-	2.1%	-	-	-	-100.0%	0.5%
Non-profit institutions	-	12.9	2.4	-	-	0.4%	-	-	-	-	-
Households	0.0	-	0.1	-	-100.0%	-	1 051.6	1 312.3	1 384.8	-	46.6%
<b>Payments for capital assets</b>	<b>10.5</b>	<b>6.4</b>	<b>56.3</b>	<b>1.8</b>	<b>-45.0%</b>	<b>1.9%</b>	<b>3.9</b>	<b>3.5</b>	<b>3.7</b>	<b>28.2%</b>	<b>0.2%</b>
Buildings and other fixed structures	-	-	52.8	1.0	-	1.3%	-	-	-	-100.0%	-
Machinery and equipment	10.5	6.4	3.5	0.8	-58.5%	0.5%	3.9	3.5	3.7	69.9%	0.1%
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.3</b>	<b>0.2</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>360.5</b>	<b>786.3</b>	<b>1 075.6</b>	<b>1 792.4</b>	<b>70.7%</b>	<b>100.0%</b>	<b>2 011.6</b>	<b>2 006.1</b>	<b>2 226.2</b>	<b>7.5%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>5.1%</b>	<b>9.8%</b>	<b>12.1%</b>	<b>18.9%</b>			<b>21.3%</b>	<b>21.0%</b>	<b>20.9%</b>		

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>-</b>	<b>37.7</b>	<b>90.8</b>	<b>141.8</b>	<b>-</b>	<b>6.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>1.8%</b>
Agricultural Research Council	-	15.2	72.2	141.8	-	5.7%	-	-	-	-100.0%	1.8%
KwaZulu-Natal agricultural development trust trading as Agribusiness Development Agency	-	22.5	-	-	-	0.6%	-	-	-	-	-
Agricultural Business Development Agency	-	-	17.4	-	-	0.4%	-	-	-	-	-
Provincial Agriculture and Rural Development Corporation	-	-	1.2	-	-	-	-	-	-	-	-
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>-</b>	<b>40.2</b>	<b>7.5</b>	<b>38.5</b>	<b>-</b>	<b>2.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.5%</b>
Independent Development Trust	-	40.2	7.5	38.5	-	2.1%	-	-	-	-100.0%	0.5%
<b>Non-profit institutions</b>											
<b>Current</b>	<b>-</b>	<b>12.9</b>	<b>2.4</b>	<b>-</b>	<b>-</b>	<b>0.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Free State department of agriculture and rural development	-	12.9	-	-	-	0.3%	-	-	-	-	-
Goedgedacht trust	-	-	2.4	-	-	0.1%	-	-	-	-	-
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 051.6</b>	<b>1 312.3</b>	<b>1 384.8</b>	<b>-</b>	<b>46.6%</b>
Rural Infrastructure Development	-	-	-	-	-	-	662.5	801.7	844.2	-	28.7%
Rural Enterprise and Industrial Development	-	-	-	-	-	-	389.1	510.7	540.7	-	17.9%

## Personnel information

**Table 33.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014			Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost
<b>Rural Development</b>			<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>		
Salary level	655	2	407	610.1	1.5	395	445.3	1.1	561	553.2	1.0	561	277.2	0.5	561	405.7	0.7	12.4%	100.0%
1 – 6	54	–	31	5.6	0.2	29	5.9	0.2	43	9.4	0.2	43	9.9	0.2	43	10.4	0.2	14.0%	7.6%
7 – 10	389	2	218	58.4	0.3	229	76.6	0.3	339	124.2	0.4	339	131.0	0.4	339	137.9	0.4	14.0%	60.0%
11 – 12	161	–	42	22.2	0.5	96	54.9	0.6	126	76.4	0.6	126	80.5	0.6	126	84.7	0.7	9.5%	22.8%
13 – 16	51	–	116	99.3	0.9	41	34.5	0.8	53	47.4	0.9	53	50.0	0.9	53	52.6	1.0	8.9%	9.6%
Other	–	–	–	424.7	–	–	273.4	–	–	295.8	–	–	5.9	–	–	120.1	–	–	–

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

<sup>2</sup>. Rand million.

## Expenditure trends

The spending focus over the medium term will be on rural enterprise development, animal and veld management, and the coordination and facilitation of basic services infrastructure in rural areas. The programme will also focus its spending on additional agricultural support to farms, which will be carried out in the *Rural Infrastructure Development* and the *Rural Enterprise and Industrial Development* subprogrammes, and training more youth under the *National Rural Youth Services Corps* subprogramme.

The department aims to equip 4 719 rural individuals with skills through rural development initiatives, create 4 800 jobs through infrastructure projects, and improve the skills of 5 000 youth per year through infrastructure programmes by 2016/17.

Between 2010/11 and 2013/14, expenditure in the *Rural Infrastructure Development* subprogramme increased significantly due to the increase in projects providing access to basic services, particularly sanitation, irrigation and roads. In the same period, as part of the rural socioeconomic development policy goal, expenditure in the *Rural Enterprise and Industrial Development* subprogramme also increased significantly, particularly in goods and service items such as administration fees, advertising and consultants, as part of the implementation of the comprehensive rural development programme. The rural development programme consists of rural households profiling, food security interventions, enterprise development, support for cooperatives and value chain projects. Consultants in this programme are used for business advisory services for the implementation of the comprehensive rural development programme.

Expenditure on goods and services increased significantly between 2010/11 and 2013/14, due to the employment of additional participants in the *National Rural Youth Services Corps* subprogramme. As a result, at the end of 2012/13, seven irrigation schemes out of a target of eight had been revitalised and 4 564 people out of a target of 3 200 had been assisted to access skills to improve their livelihoods. Over the medium term, spending on goods and services is set to decrease due to the reprioritisation of funds away from goods and services towards transfers to households, to drive the comprehensive rural development programme.

Spending in the *Rural Enterprise and Industrial Development* subprogramme is expected to increase over the medium term, mainly due to the implementation of the comprehensive rural development programme. The projected increase provides for the coordination and facilitation of rural enterprise development, industrial development and support to rural communities to produce their own food, as part of the policy goal to improve the rural economy. As a result, transfers to the *Rural Enterprise and Industrial Development* increase from R389.1 million in 2014/15 to R540.7 million in 2016/17, in order to increase the number of enterprise opportunities facilitated and coordinated from 90 in 2013 to 235 by 2016.

The bulk of expenditure over the medium term will be on facilitating and coordinating the provision of basic services infrastructure to households, rural community programmes and enterprise and industrial development. Accordingly, spending in the *Rural Infrastructure Development* subprogramme receives the largest allocation in this period. Expenditure in this subprogramme is also expected to increase over the medium term as a result of the implementation of animal and veld management programmes, the coordination and facilitation of

infrastructure for the provision of basic services to rural communities, the registration of cooperatives and the provision of access to IT. The increased expenditure is expected to result in a 16 per cent increase in rural infrastructure development for households over the medium term.

As part of Cabinet approved budget reductions, a reduction of R400 million over the medium term will be effected on compensation of employees in the economic competitive support package for implementing the national rural youth service corps. These reductions will not impact negatively on service delivery. In the same period, the *Rural Development* programme receives R2.6 billion in reprioritised funds from the *Restitution* and *Land Reform* programmes to implement the comprehensive rural development programme; facilitate and coordinate enterprise development and socioeconomic infrastructure projects; and create job opportunities through infrastructure programmes to improve access to sustainable employment and skills development opportunities.

The *Rural Development* programme had a funded establishment of 655 posts, with 2 posts additional to the establishment and 260 vacancies as at 30 November 2013.

## Programme 4: Restitution

### Objectives

- Facilitate the restoration of land rights and alternative forms of equitable redress by:
  - increasing the number of land claims finalised from 602 in 2012 to 983 over the medium term
  - increasing the number of land claims settled from 602 in 2012 to 1 457 over the medium term
  - increasing the number of new recapitalised (phased) projects from 53 in 2014 to 76 in 2016.
- Facilitate the reopening and finalisation of the lodgement of restitution land claims for people who did not meet the 31 December 1998 deadline by implementing 23 functional lodgement offices and 9 mobile lodgement units over the medium term.

### Subprogrammes

- *Restitution National Office* provides administrative and professional support to the Commission on the Restitution of Land Rights for processing and investigating restitution claims, develops and coordinates restitution policy, and oversees court cases. In 2012/13, 376 land rights and awards of alternative equitable redress were restored or finalised. By the end of September 2013, 28 additional land rights had been restored. This subprogramme had a staff complement of 95 by the end of November 2013.
- *Restitution Regional Offices* is responsible for researching, validating, verifying and negotiating settlements, and provides administrative support services for settling land claims. In 2012/13, 602 land claims were settled and by the end of September 2013, 28 additional land claims had been settled. This subprogramme had a staff complement of 627 at the end of November 2013.
- *Restitution Grants* is discussed in more detail below.

### Expenditure estimates

Table 33.11 Restitution

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Restitution National Office	43.4	35.5	38.8	94.2	29.5%	1.8%	46.6	48.9	52.0	-18.0%	2.1%
Restitution Regional Offices	375.5	452.0	356.4	567.4	14.8%	14.7%	319.7	334.7	355.2	-14.5%	13.7%
Restitution Grants	3 348.0	1 888.9	2 470.5	2 255.2	-12.3%	83.5%	2 314.4	2 277.7	2 851.2	8.1%	84.2%
<b>Total</b>	<b>3 766.8</b>	<b>2 376.3</b>	<b>2 865.7</b>	<b>2 916.8</b>	<b>-8.2%</b>	<b>100.0%</b>	<b>2 680.7</b>	<b>2 661.4</b>	<b>3 258.5</b>	<b>3.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(471.2)			(1 036.6)	(1 227.5)	(839.7)		

Table 33.11 Restitution

Economic classification	Audited outcome				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Current payments</b>	<b>413.0</b>	<b>349.5</b>	<b>361.0</b>	<b>658.3</b>	<b>16.8%</b>	<b>14.9%</b>	<b>364.0</b>	<b>381.3</b>	<b>404.8</b>	<b>-15.0%</b>	<b>15.7%</b>	
Compensation of employees	204.7	179.4	177.8	222.3	2.8%	6.6%	236.0	247.6	263.9	5.9%	8.4%	
Goods and services	141.4	163.7	147.6	436.0	45.6%	7.5%	128.0	133.7	140.9	-31.4%	7.3%	
of which:												
Computer services	0.0	0.1	0.7	0.5	210.9%	-	0.8	0.8	0.8	14.3%	-	
Consultants and professional services:	6.8	29.3	12.2	322.4	262.8%	3.1%	18.8	21.6	22.4	-58.9%	3.3%	
Business and advisory services												
Travel and subsistence	37.4	41.4	44.6	22.2	-15.9%	1.2%	20.7	21.4	22.6	0.6%	0.8%	
Training and development	0.6	0.4	0.8	2.4	57.5%	-	3.1	3.8	4.0	19.6%	0.1%	
Interest and rent on land	66.9	6.5	35.7	-	-100.0%	0.9%	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>2 576.3</b>	<b>1 889.2</b>	<b>2 470.6</b>	<b>2 255.4</b>	<b>-4.3%</b>	<b>77.1%</b>	<b>2 314.7</b>	<b>2 278.0</b>	<b>2 851.5</b>	<b>8.1%</b>	<b>84.2%</b>	
Provinces and municipalities	0.0	0.2	0.0	0.0	16.3%	-	0.0	0.0	0.0	2.9%	-	
Households	2 576.3	1 889.0	2 470.6	2 255.4	-4.3%	77.1%	2 314.7	2 278.0	2 851.5	8.1%	84.2%	
<b>Payments for capital assets</b>	<b>776.1</b>	<b>136.2</b>	<b>27.2</b>	<b>3.1</b>	<b>-84.1%</b>	<b>7.9%</b>	<b>2.1</b>	<b>2.2</b>	<b>2.2</b>	<b>-11.4%</b>	<b>0.1%</b>	
Machinery and equipment	4.4	4.2	5.6	3.1	-11.0%	0.1%	2.1	2.2	2.2	-11.4%	0.1%	
Land and sub-soil assets	771.7	132.0	21.6	-	-100.0%	7.8%	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>1.4</b>	<b>1.4</b>	<b>6.9</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>3 766.8</b>	<b>2 376.3</b>	<b>2 865.7</b>	<b>2 916.8</b>	<b>-8.2%</b>	<b>100.0%</b>	<b>2 680.7</b>	<b>2 661.4</b>	<b>3 258.5</b>	<b>3.8%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>52.9%</b>	<b>29.7%</b>	<b>32.1%</b>	<b>30.8%</b>			<b>28.4%</b>	<b>27.8%</b>	<b>30.5%</b>			

## Details of selected transfers and subsidies

Households											
Other transfers to households											
Capital											
	2 576.3	1 888.9	2 470.5	2 255.2	-4.3%	77.1%	2 314.4	2 277.7	2 851.2	8.1%	84.2%
Restitution grants	2 576.3	1 888.9	2 470.5	2 255.2	-4.3%	77.1%	2 314.4	2 277.7	2 851.2	8.1%	84.2%

## Personnel information

Table 33.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Restitution Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual					Revised estimate					Medium-term expenditure estimate					Average growth rate (%)	Salary level/total: Average (%)
			2012/13		2013/14			2014/15			2015/16		2016/17		2013/14 - 2016/17				
			Number	Cost	Unit	Number	Cost	Unit	Number	Cost	Unit	Number	Cost	Unit		Number	Cost		
722	10	589	177.8	0.3	546	222.3	0.4	650	236.0	0.4	650	247.6	0.4	650	263.9	0.4	6.0%	100.0%	
1-6	174	5	135	23.6	0.2	124	28.7	0.2	148	31.2	0.2	148	32.8	0.2	148	34.9	0.2	6.1%	22.8%
7-10	459	3	371	101.3	0.3	353	139.2	0.4	413	143.2	0.3	413	150.3	0.4	413	160.2	0.4	5.4%	63.8%
11-12	63	-	55	30.3	0.6	44	32.1	0.7	62	37.4	0.6	62	39.2	0.6	62	41.8	0.7	12.1%	9.2%
13-16	26	2	28	22.6	0.8	25	22.2	0.9	27	24.2	0.9	27	25.4	0.9	27	27.0	1.0	2.6%	4.2%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on settling and finalising restitution claims to increase access to and promote the productive use of land; providing administrative support for settling restitution claims, including resolving restitution claims in court; and verifying and negotiating claims for settlement.

Over the medium term, expenditure in the *Restitution Provincial Office* subprogramme is expected to increase due to the proposed reopening of land claims as contained in the Restitution of Land Rights Amendment Bill. As a result, the department aims to finalise 371 land claims, 76 phased projects and settle 615 land claims by 2016/17.

Spending on compensation of employees is expected to increase over the medium term as internal capacity is built to deal with the proposed reopening of land claims. As a result, personnel numbers are set to increase from 589 in 2012/13 to 650 in 2014/15 and will remain at this level over the medium term. The programme has a funded establishment of 722 posts. At the end of November 2013, the programme had 10 posts additional to the

establishment and 176 vacant posts due to natural attrition. These posts are expected to be filled by the end of March 2014.

As part of the Cabinet approved budget reductions, the department reduced spending on land restitution grants by R710 million over the medium term due to slow spending. This reduction in expenditure is not expected to have an adverse effect on service delivery. Following a review of the implementation of the comprehensive rural development programme, R2.4 billion has been reprioritised over the medium term from the *Restitution* programme to the *Rural Development* and *National Geomatics Management Services* programmes.

Between 2010/11 and 2013/14, expenditure in the *Restitution National Office* and *Restitution Regional Offices* subprogrammes increased in order to speed up the restitution process. As a result, 602 land claims were settled in 2012 and 230 were expected to be settled by the end of 2013/14. Over the same period, expenditure on goods and services increased specifically on consultants, as a result of research that needed to be conducted to aid the speeding up of the restitution process. Consultants are used to perform this function because of the specialised and technical nature of the research.

### Subprogramme: Restitution Grants

This subprogramme pays grants to redress restitution claims by restoring land or providing alternative land; provides financial compensation and alternative relief; offers settlement planning and facilitation assistance; and contributes funds for the resettlement of communities.

### Expenditure estimates

Table 33.13 Restitution Grants

Economic classification	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Transfers and subsidies</b>	<b>2 576.3</b>	<b>1 888.9</b>	<b>2 470.5</b>	<b>2 255.2</b>	<b>-4.3%</b>	<b>92.3%</b>	<b>2 314.4</b>	<b>2 277.7</b>	<b>2 851.2</b>	<b>8.1%</b>	<b>100.0%</b>	
Households	2 576.3	1 888.9	2 470.5	2 255.2	-4.3%	92.3%	2 314.4	2 277.7	2 851.2	8.1%	100.0%	
<b>Payments for capital assets</b>	<b>771.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>7.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Land and sub-soil assets	771.7	-	-	-	-100.0%	7.7%	-	-	-	-	-	
<b>Total</b>	<b>3 348.0</b>	<b>1 888.9</b>	<b>2 470.5</b>	<b>2 255.2</b>	<b>-12.3%</b>	<b>100.0%</b>	<b>2 314.4</b>	<b>2 277.7</b>	<b>2 851.2</b>	<b>8.1%</b>	<b>100.0%</b>	
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>88.9%</b>	<b>79.5%</b>	<b>86.2%</b>	<b>77.3%</b>			<b>86.3%</b>	<b>85.6%</b>	<b>87.5%</b>			

### Expenditure trends

The spending focus over the medium term will be on research to improve the credibility of the claims system and on finalising claims submitted before the 31 December 1998, to address any backlogs in the claims register. The aim is to settle 1 457 new land claims and 238 phased projects, and to clear the commitments of or finalise 983 settled claims by 2016 to increase access to and promote the productive use of land.

In 2013/14, 38 land claims were settled, against the target for the year of 230, with a further 59 finalised as at 30 September 2013 against that year's target of 208. The rate of settlement was low because of the lengthy period involved in finalising claims. Spending increased significantly during this period due to the high cost of the partial settlement of the Mhlanganisweni community's claim in 2013. To date, 77 334 claims have been settled. Of these, 71 292 have been settled through financial compensation totalling R7 billion.

The subprogramme's total expenditure over the medium term will go towards transfers to households for finalising claims, which is the core business of the land restitution process. 353 restitution land claims are presently under litigation and the department has made a provision over the medium term for the possibility of the land claims court ruling in favour of the claimants. The department projects that 379 claims will be settled, 53 phased projects finalised and 239 claims finalised by 2014/15.

## Programme 5: Land Reform

### Objectives

- Promote equitable land redistribution and agricultural development by acquiring 1 140 000 hectares of strategically located land by 2016.
- Provide comprehensive farm development support by:
  - financially assisting 2 280 smallholder farmers on agrarian transformation to be fully productive by 2016
  - increasing the number of farms developed through the recapitalisation and development programme from 344 in 2013 to 2 415 by 2016
  - increasing the number of farmers trained through the recapitalisation and development programme from 628 in 2013 to 1 823 by 2016.

### Subprogrammes

- *Land Reform National Office* develops and coordinates land reform products; facilitates the implementation of land reform programmes and projects; provides support services to provincial offices; provides state land administration services; provides information, risk and compliance management in the land reform branch; provides strategic land reform intervention support through recapitalisation and development services to align land reform strategic institutional partnerships; provides land acquisition and land warehouse services; and is responsible for the land reform empowerment facility, which provides for transfers to Khula Enterprise Finance, the revolving credit loan facility established to finance land acquisition and equity in commercial farming ventures. In 2012/13, 421 farmers were trained under the skills development programme. A further 361 had been trained by the end of September 2013. This subprogramme had a staff complement of 128 at the end of November 2013.
- *Land Reform Provincial Offices* implements land reform programmes and projects and administers state land in each province. Land needs will be categorised in 2014/15 to ensure the successful implementation of land reform, which is measured in terms of job creation, increased incomes and a critical mass of successful farmers contributing to the gross domestic product. In 2014/15, provincial offices will be recapitalised to develop distressed land reform projects and strengthen the security of tenure of farm dwellers and labour tenants by providing legal support. In 2012/13, 1 059 jobs were created in the land reform project. By the end of September 2013, 450 additional jobs had been created. This subprogramme had a staff complement of 531 at the end of November 2013.
- *Land Reform Grants* provides funding for project and programme planning, land acquisition and settlement, and allows the department to maintain, plan, develop or improve property. In 2013/14, this subprogramme had a budget of R546.6 million for the recapitalisation and development of distressed farms, and for animal and veld management. In 2012/13, 200 new farms were under recapitalisation. By the end of September 2013, 24 new farms had been recapitalised.
- *KwaZulu-Natal Ingonyama Trust Board* provides quarterly transfers for administering Ingonyama Trust land. By the end of September 2013, 12 labour tenant applications had been settled. This subprogramme had a staff complement of 57 at the end of November 2013.
- *Agricultural Land Holding Account* is responsible for buying and holding land until suitable beneficiaries are identified in terms of the Provisions of Land and Assistance Act (1993). This subprogramme's total budget is used for recapitalisation, development and land acquisition. By the end of September 2013, 54 land parcels had been confirmed as vested.

## Expenditure estimates

Table 33.14 Land Reform

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Land Reform National Office	96.7	131.7	129.0	138.9	12.8%	4.4%	124.7	130.5	138.2	-0.2%	4.7%
Land Reform Provincial Offices	296.3	264.6	246.0	368.9	7.6%	10.4%	321.5	337.9	358.3	-1.0%	12.1%
Land Reform Grants	506.2	472.7	634.3	546.6	2.6%	19.0%	420.3	544.0	573.0	1.6%	18.3%
KwaZulu-Natal Ingonyama Trust Board	9.2	13.0	18.8	14.5	16.6%	0.5%	17.3	18.1	18.8	9.0%	0.6%
Communal Land Rights Programme	0.3	-	-	-	-100.0%	-	-	-	-	-	-
Agricultural Land Holding Account	1 028.5	2 435.8	2 298.3	1 697.1	18.2%	65.7%	1 934.6	1 808.9	1 904.7	3.9%	64.3%
<b>Total</b>	<b>1 937.2</b>	<b>3 317.8</b>	<b>3 326.5</b>	<b>2 766.0</b>	<b>12.6%</b>	<b>100.0%</b>	<b>2 818.4</b>	<b>2 839.3</b>	<b>2 993.1</b>	<b>2.7%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(629.1)			(655.4)	(690.8)	(727.4)		

## Economic classification

<b>Current payments</b>	<b>387.1</b>	<b>367.2</b>	<b>369.0</b>	<b>496.6</b>	<b>8.7%</b>	<b>14.3%</b>	<b>445.7</b>	<b>468.4</b>	<b>496.5</b>	<b>-</b>	<b>16.7%</b>
Compensation of employees	225.3	178.7	188.1	291.1	8.9%	7.8%	241.2	252.9	269.6	-2.5%	9.2%
Goods and services	161.6	188.2	181.0	205.5	8.3%	6.5%	204.6	215.5	227.0	3.4%	7.5%
<i>of which:</i>											
Computer services	3.1	2.7	2.5	2.8	-4.2%	0.1%	4.4	4.5	4.7	19.5%	0.1%
Consultants and professional services:	52.6	40.0	11.0	11.0	-40.7%	1.0%	35.0	36.2	38.1	51.5%	1.1%
Business and advisory services											
Travel and subsistence	45.5	60.9	58.5	41.2	-3.3%	1.8%	25.5	27.9	29.2	-10.8%	1.1%
Training and development	0.7	0.7	0.7	2.0	43.8%	-	3.3	3.6	3.8	24.5%	0.1%
Interest and rent on land	0.2	0.3	-	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 544.5</b>	<b>2 945.0</b>	<b>2 952.3</b>	<b>2 258.3</b>	<b>13.5%</b>	<b>85.5%</b>	<b>2 372.2</b>	<b>2 370.9</b>	<b>2 496.6</b>	<b>3.4%</b>	<b>83.2%</b>
Provinces and municipalities	0.1	23.2	0.5	0.1	-2.2%	0.2%	0.0	0.0	0.0	-34.9%	-
Departmental agencies and accounts	1 037.6	2 448.8	2 221.3	1 711.6	18.2%	65.4%	1 951.9	1 826.9	1 923.5	4.0%	64.9%
Public corporations and private enterprises	-	-	153.6	0.0	-	1.4%	0.0	0.0	0.0	-	-
Households	506.8	472.9	576.9	546.6	2.6%	18.5%	420.3	544.0	573.0	1.6%	18.3%
<b>Payments for capital assets</b>	<b>4.8</b>	<b>5.3</b>	<b>4.6</b>	<b>11.0</b>	<b>32.3%</b>	<b>0.2%</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>
Buildings and other fixed structures	-	-	0.4	-	-	-	-	-	-	-	-
Machinery and equipment	4.0	5.3	4.2	11.0	39.6%	0.2%	0.5	-	-	-100.0%	0.1%
Land and sub-soil assets	0.7	-	-	-	-100.0%	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.8</b>	<b>0.4</b>	<b>0.5</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 937.2</b>	<b>3 317.8</b>	<b>3 326.5</b>	<b>2 766.0</b>	<b>12.6%</b>	<b>100.0%</b>	<b>2 818.4</b>	<b>2 839.3</b>	<b>2 993.1</b>	<b>2.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>27.2%</b>	<b>41.5%</b>	<b>37.3%</b>	<b>29.2%</b>			<b>29.8%</b>	<b>29.7%</b>	<b>28.0%</b>		

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>1 037.6</b>	<b>2 448.8</b>	<b>2 221.3</b>	<b>1 711.6</b>	<b>18.2%</b>	<b>65.4%</b>	<b>1 951.9</b>	<b>1 826.9</b>	<b>1 923.5</b>	<b>4.0%</b>	<b>64.9%</b>
KwaZulu-Natal Ingonyama Trust Board	9.2	13.0	18.8	14.5	16.6%	0.5%	17.3	18.1	18.8	9.0%	0.6%
Agricultural Land Holding Account	1 028.5	2 435.8	2 202.5	1 697.1	18.2%	64.9%	1 934.6	1 808.9	1 904.7	3.9%	64.3%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>95.8</b>	<b>-</b>	<b>-</b>	<b>0.8%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Agricultural Land Holding Account	-	-	95.8	-	-	0.8%	-	-	-	-	-
<b>Capital</b>	<b>-</b>	<b>-</b>	<b>57.7</b>	<b>-</b>	<b>-</b>	<b>0.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Independent Development Trust	-	-	57.7	-	-	0.5%	-	-	-	-	-
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Capital</b>	<b>505.5</b>	<b>472.7</b>	<b>576.6</b>	<b>546.6</b>	<b>2.6%</b>	<b>18.5%</b>	<b>420.3</b>	<b>544.0</b>	<b>573.0</b>	<b>1.6%</b>	<b>18.3%</b>
Land reform grants	505.5	472.7	576.6	546.6	2.6%	18.5%	420.3	544.0	573.0	1.6%	18.3%

## Personnel information

**Table 33.15 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)					
Number of funded posts	Number of posts additional to the establishment	2012/13		2013/14			2014/15			2015/16			2016/17			2013/14 - 2016/17				
		Number	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Land Reform		659	86	675	188.1	0.3	584	291.1	0.5	707	241.2	0.3	707	252.9	0.4	707	269.6	0.4	6.6%	100.0%
Salary level																				
1 – 6	62	59	125	19.4	0.2	118	32.6	0.3	124	23.3	0.2	124	24.4	0.2	124	26.0	0.2	1.7%	18.1%	
7 – 10	475	26	437	108.8	0.2	370	174.4	0.5	463	145.8	0.3	463	152.9	0.3	463	163.0	0.4	7.8%	65.0%	
11 – 12	95	–	89	43.6	0.5	77	62.6	0.8	93	51.5	0.6	93	54.0	0.6	93	57.5	0.6	6.5%	13.2%	
13 – 16	27	1	24	16.2	0.7	19	21.5	1.1	27	20.6	0.8	27	21.6	0.8	27	23.0	0.9	12.4%	3.7%	

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing, through the *Agricultural Land Holding Account* subprogramme, comprehensive farm development support entailing technical, financial and management assistance to smallholder farmers and land reform beneficiaries, and acquiring strategically located land for productive use.

To date, under the department's recapitalisation and development programme, 1 350 farms have been recapitalised and developed to the value of R2.6 billion, with the programme acquiring 4 246 895 hectares of land.

Over the medium term, expenditure in the *Land Reform Grants* subprogramme is expected to increase due to the recapitalisation and development programme. R2.1 billion is reprioritised from the *Land Reform* programme to support the department's drive of implementing the comprehensive rural development programme. In order to speed up land reform, 1 140 000 hectares of strategically located land will be acquired through the *Agricultural Land Holding Account* subprogramme and over 2 706 farmers will be trained through the recapitalisation and development programme. The agricultural land holding account receives R5.7 billion in transfers over the medium term for recapitalisation, development and land acquisition.

In order to develop internal capacity in line with the restructuring of the *Land Reform* programme, the number of personnel in this programme increased from 675 in 2012/13 to 707 in 2014/15. This explains the increase in compensation of employees in the same period. Spending on compensation of employees is expected to decrease over the medium term due to the reprioritisation of funds away from the *Land Reform National Offices* and *Land Reform Provincial Offices* subprogrammes. At the end of November 2013, the programme had a funded establishment of 659 posts, with 86 posts additional to this establishment. There are 75 vacant posts due to natural attrition and the length of time it takes to fill vacancies.

The land reform process resulted in a significant increase in expenditure in the *Land Reform National Office* and *Land Reform Regional Offices* subprogrammes between 2010/11 and 2013/14. Expenditure in the *Land Reform Grants* subprogramme decreased in 2011/12 as funds were reprioritised to speed up the restitution process, and to the *Agricultural Land Holding Account* subprogramme for the acquisition of strategically located land, as land was no longer being acquired through the *Land Reform Grants* subprogramme.

Expenditure on the *Agricultural Land Holding Account* subprogramme increased to recapitalise distressed farms. Over the same period, spending on consultants increased due to the specialist technical skills required, such as entrepreneurial and agricultural mentoring from established farmers. Over the period, 1 326 farmers were trained through the recapitalisation and development programme.

Over the same period, operational expenditure on the *KwaZulu-Natal Ingonyama Trust Board* subprogramme increased to institute its new structure and to enable more people to be employed so that the board could carry out its mandate effectively.

## Public entities and other agencies

### Registration of deeds trading account

#### Mandate and goals

The Deeds Registries Act (1937) makes provision for the administration of the land registration system and the registration of rights in land. It requires that deeds and documents are prepared and lodged in a deeds registry by a conveyancer or public notary, and are scrutinised for accuracy and compliance with common law, case law and statutory law. The main goal of the trading account is to contribute to effective land planning, administration and property registration.

#### Selected performance indicators

**Table 33.16 Registration of Deeds Trading Entity**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of properties registered per year	Registration of title deeds	Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all	50 390	180 547	498 210	569 120	648 942	724 864	801 546

#### Programmes/activities/objectives

**Table 33.17 Registration of Deeds Trading Entity**

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
R million											
Administration	119.2	135.5	145.5	170.6	12.7%	28.9%	245.0	257.1	268.9	16.4%	31.4%
Registration of title deeds	298.7	381.4	332.2	389.1	9.2%	71.1%	482.0	554.6	629.6	17.4%	68.6%
<b>Total expense</b>	<b>417.8</b>	<b>516.9</b>	<b>477.7</b>	<b>559.7</b>	<b>10.2%</b>	<b>100.0%</b>	<b>727.0</b>	<b>811.7</b>	<b>898.5</b>	<b>17.1%</b>	<b>100.0%</b>

#### Expenditure estimates

**Table 33.18 Registration of Deeds Trading Entity**

Statement of financial performance											
	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>354.6</b>	<b>389.3</b>	<b>428.6</b>	<b>482.0</b>	10.8%	81.5%	<b>613.8</b>	<b>691.1</b>	<b>771.4</b>	17.0%	80.5%
Sale of goods and services other than capital assets	350.5	382.8	418.7	476.1	10.7%	80.1%	602.4	679.3	759.3	16.8%	79.2%
of which:											
Administrative fees	350.5	382.8	418.7	476.1	10.7%	80.1%	602.4	679.3	759.3	16.8%	79.2%
Other non-tax revenue	4.1	6.5	9.9	5.9	12.9%	1.3%	11.4	11.7	12.2	27.5%	1.3%
<b>Transfers received</b>	<b>40.8</b>	<b>130.6</b>	<b>23.8</b>	<b>241.7</b>	<b>80.9%</b>	<b>18.5%</b>	<b>113.2</b>	<b>120.7</b>	<b>127.1</b>	<b>-19.3%</b>	<b>19.5%</b>
<b>Total revenue</b>	<b>395.4</b>	<b>519.9</b>	<b>452.4</b>	<b>723.7</b>	<b>22.3%</b>	<b>100.0%</b>	<b>727.0</b>	<b>811.7</b>	<b>898.5</b>	<b>7.5%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>417.8</b>	<b>516.9</b>	<b>477.7</b>	<b>559.7</b>	<b>10.2%</b>	<b>100.0%</b>	<b>727.0</b>	<b>811.7</b>	<b>898.5</b>	<b>17.1%</b>	<b>100.0%</b>
Compensation of employees	258.0	286.2	309.6	354.0	11.1%	61.3%	464.0	489.0	514.9	13.3%	61.2%
Goods and services	131.3	203.1	141.0	177.7	10.6%	33.0%	233.8	292.5	352.4	25.6%	34.8%
Depreciation	28.4	27.4	26.9	27.8	-0.8%	5.7%	28.9	29.9	30.8	3.5%	4.0%
Interest, dividends and rent on land	0.1	0.3	0.2	0.3	30.1%	0.0%	0.3	0.3	0.4	6.3%	0.0%
<b>Total expenses</b>	<b>417.8</b>	<b>516.9</b>	<b>477.7</b>	<b>559.7</b>	<b>10.2%</b>	<b>100.0%</b>	<b>727.0</b>	<b>811.7</b>	<b>898.5</b>	<b>17.1%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>(22.0)</b>	<b>3.0</b>	<b>(25.0)</b>	<b>164.0</b>	<b>-295.3%</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	100.4	93.3	93.9	102.9	0.8%	42.5%	108.6	110.5	114.0	3.5%	44.0%
of which:											
Acquisition of assets	5.5	19.7	28.2	198.9	231.3%	26.9%	26.9	26.6	17.9	-55.2%	28.3%
Inventory	1.3	1.7	1.9	2.0	15.4%	0.8%	2.2	2.3	2.4	5.6%	0.9%
Receivables and prepayments	50.2	110.8	79.5	82.4	18.0%	34.4%	85.0	85.7	87.4	2.0%	34.4%
Cash and cash equivalents	56.5	52.4	48.1	47.9	-5.4%	22.3%	50.5	52.3	54.9	4.7%	20.7%
<b>Total assets</b>	<b>208.5</b>	<b>258.2</b>	<b>223.4</b>	<b>235.2</b>	<b>4.1%</b>	<b>100.0%</b>	<b>246.2</b>	<b>250.8</b>	<b>258.7</b>	<b>3.2%</b>	<b>100.0%</b>

**Table 33.18 Registration of Deeds Trading Entity**

Statement of financial position		Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
		2010/11	2011/12	2012/13		2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17		
R million												
Accumulated surplus/(deficit)		162.8	165.8	165.8	165.8	0.6%	71.8%	165.8	165.8	165.8	-	67.0%
Finance lease		1.9	2.3	0.8	1.5	-7.0%	0.7%	1.6	1.7	2.7	21.6%	0.7%
Deferred income		-	12.7	-	3.6	-	1.6%	3.8	4.0	5.9	17.7%	1.7%
Trade and other payables		30.3	63.7	45.7	51.7	19.6%	20.4%	61.7	65.3	68.5	9.8%	24.9%
Provisions		13.5	13.7	11.1	12.6	-2.4%	5.5%	13.3	14.0	15.9	8.1%	5.6%
<b>Total equity and liabilities</b>		<b>208.5</b>	<b>258.2</b>	<b>223.4</b>	<b>235.2</b>	<b>4.1%</b>	<b>100.0%</b>	<b>246.2</b>	<b>250.8</b>	<b>258.7</b>	<b>3.2%</b>	<b>100.0%</b>

## Personnel information

**Table 33.19 Registration of Deeds Trading Entity**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost		Number	Cost		Number	Cost	Unit	Number	Cost	Unit	Number	Cost	Unit			
Salary level	1 410	1 997	1 504	309.6	0.2	1 168	354.0	0.3	1 168	464.0	0.4	1 410	489.0	0.3	1 410	514.9	0.4	13.3%	100.0%
1 - 6	526	805	611	83.0	0.1	457	84.9	0.2	457	108.2	0.2	526	121.1	0.2	526	118.3	0.2	11.7%	38.2%
7 - 10	653	912	695	150.2	0.2	523	165.4	0.3	523	207.4	0.4	653	231.5	0.4	653	239.3	0.4	13.1%	45.5%
11 - 12	187	231	163	52.3	0.3	155	70.4	0.5	155	110.5	0.7	187	93.6	0.5	187	112.8	0.6	17.0%	13.3%
13 - 16	44	49	35	24.1	0.7	33	33.2	1.0	33	37.9	1.1	44	42.8	1.0	44	44.5	1.0	10.3%	3.0%

<sup>1</sup> Rand million.

## Expenditure trends

The registration of deeds trading account generates revenue mainly by selling deeds information and registering property.

Revenue increased due to the rise in the number of properties registered, which increased from 50 390 in 2010/11 to 569 120 in 2013/14. Over the medium term, revenue is expected to continue to increase in line with the projected increase in the number of properties registered over this period. There will also be an increase in expenditure on goods and services to speed up the registration and documentation of property so as to achieve 2 175 352 registered properties by 2016. It is because of this objective that between 2010/11 and 2013/14, expenditure on goods and services and on the registration of title deeds programme increased in line with the increase in the number of properties registered. This resulted in higher equipment costs related to the extra workload.

In 2013/14, the trading account received a transfer of R241.7 million from the department: R64 million was used for IT software, R164 million for the electronic cadastre project, and R13.7 million for cost of living adjustments.

The spending focus over the medium term will be on implementing an electronic register system, which will ensure effective land planning and administration, as well as the registration of property. The projected transfers of R113.2 million in 2014/15 and R127.1 million in 2015/16 are mainly for implementing the electronic register. The electronic system is expected to improve the quality of the property registration process and result in increased stakeholder confidence in the service.

Spending on compensation of employees is set to increase over the same period to assist with the implementation of the electronic register. Personnel numbers are expected to increase over the medium term from 1 168 in 2013/14 to 1 410 in 2016/17. The entity has a funded staff complement of 1 410, with 242 vacancies at the end of November 2013 due to natural attrition. These will be filled over the medium term as staff are recruited to implement the electronic register.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **agricultural land holding account** was established in terms of section 10(1)(a) of the Provision of Land and Assistance Act (1993) to give legal effect to the proactive land acquisition strategy, which involves acquiring land and other property (movable and immovable) held by the state that can be used by beneficiaries. The account's total budget for 2014/15 is R2.4 billion.
- The **KwaZulu-Natal Ingonyama Trust Board** is a land management agency that provides support to communities on communal land and estate management services to the Minister of Rural Development and Land Reform. The board ensures that any commercial activity on communal land is developmental and benefits local communities. The board's total budget for 2014/15 is R41 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2013/14	Medium-term expenditure estimate	
				2010/11	2011/12		2014/15	2015/16
<b>R million</b>								
<b>Departmental infrastructure</b>								
Cape Town: Van Der Sierr building: Upgrading and installation of back-up generator	Upgrading	Various	17.0	1.8	12.1	0.6	-	-
Cape Town: Surveyor general, Plain Street: Upgrading of kitchen and toilet	Upgrading	Construction	2.9	0.3	0.4	2.7	-	-
Pretoria: Deeds office and surveyor general: Upgrading, repairs and renovations	Upgrading, repairs and renovations	Identification	70.1	-	3.9	-	2.2	-
Pretoria: Cooperation building: Refurbishment of national office boardrooms	Refurbishment	Identification	3.7	0.9	-	-	-	-
Pretoria: Old Cooperation building: Upgrading of power supply and re-iteration	Upgrading	Tender	9.5	3.5	4.4	1.4	-	-
Pretoria: Old Cooperation building: Upgrading of network centre	Upgrading	Construction	0.3	0.3	-	-	-	-
Cape Town: Deeds office: Clearance of construction site	Upgrading	Identification	0.4	0.1	0.0	-	-	-
Office accommodation: Maintenance and repairs	Maintenance and repairs	Various	3.9	-	-	-	-	-
Office accommodation: Maintenance and repairs	Maintenance and repairs	Various	2.4	-	-	-	-	-
<b>Total</b>			<b>110.1</b>	<b>6.9</b>	<b>20.8</b>	<b>4.7</b>	<b>2.2</b>	<b>-</b>



# Vote 34

## Science and Technology

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	291.0	276.6	12.1	2.3	309.2	311.2
Technology Innovation	991.6	63.9	927.7	–	1 018.5	1 023.1
International Cooperation and Resources	119.7	65.1	54.6	–	125.2	126.2
Research, Development and Support	3 503.8	37.7	3 466.1	–	4 300.1	4 323.7
Socio-Economic Innovation Partnerships	1 564.1	43.5	1 520.7	–	1 801.3	1 850.6
<b>Total expenditure estimates</b>	<b>6 470.2</b>	<b>486.7</b>	<b>5 981.2</b>	<b>2.3</b>	<b>7 554.3</b>	<b>7 634.8</b>

Executive authority Minister of Science and Technology  
Accounting officer Director General of Science and Technology  
Website address [www.dst.gov.za](http://www.dst.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Realise the full potential of science and technology in social and economic development by developing human resources, research and innovation.*

### Mandate

The Department of Science and Technology executes its mandate through the implementation of the 1996 White Paper on Science and Technology, the national research and development strategy and the 10-year innovation plan. The plan aims to make science and technology a driving force in enhancing productivity, economic growth and socioeconomic development.

### Strategic goals

The department's strategic goals over the medium term are to:

- develop the innovation capacity of the national system of innovation in order to contribute to socioeconomic development
- enhance South Africa's capacity for generating knowledge to produce world class research outputs and turn some advanced findings into innovation products and processes
- develop appropriate human capital in the science, technology and innovation sector to meet the needs of society
- build world class infrastructure in the science, technology and innovation sector to extend the frontiers of knowledge, train the next generation of researchers, and enable technology development and transfer as well as knowledge exchange
- position South Africa as a strategic international research and development and innovation partner and destination through the exchange of knowledge, capacity and resources between South Africa and its regional and other international partners, thus strengthening the national system of innovation.

## Programme purposes

### Programme 1: Administration

**Purpose:** Overall management of the department. Ensure that organisations funded by the department comply with good corporate governance and that their activities are aligned with the strategic focus of the national system of innovation. Monitor and evaluate the performance of the science councils.

### Programme 2: Technology Innovation

**Purpose:** Promote the realisation of commercial products, processes and services from research and development outputs, through the implementation of enabling policy instruments.

### Programme 3: International Cooperation and Resources

**Purpose:** Develop, promote and manage international relationships, opportunities and science and technology agreements that both strengthen the national system of innovation and enable an exchange of knowledge, capacity and resources between South Africa and its regional and international partners.

### Programme 4: Research Development and Support

**Purpose:** Provide an enabling environment for research and knowledge production that promotes strategic development of basic sciences and priority science areas, through science promotion, human capital development, the provision of research infrastructure and relevant research support, in pursuit of South Africa's transition to a knowledge economy.

### Programme 5: Socio-Economic Innovation Partnerships

**Purpose:** Enhance the growth and development priorities of government through targeted science, technology and innovation interventions and the development of strategic partnerships with all levels of government, industry, research institutions, and communities.

## Selected performance indicators

**Table 34.1 Science and Technology**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of knowledge and innovation products (patents, prototypes, technology demonstrators or technology transfer packages) added to the intellectual property portfolio through fully funded or co-funded research initiatives per year	Socio Economic Innovation Partnerships	Outcome 5: A skilled and capable workforce to support an inclusive growth path	59	14	26	17	21	27	37
Total number of postgraduate research students awarded bursaries, as reflected in the National Research Foundation's project reports	Research Development and Support		5 644	7 083	8 379	11 208	11 440	14 880	14 880

**Table 34.1 Science and Technology**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Total number of researchers awarded research grants through National Research Foundation managed programmes, as reflected in the foundation project reports	Research Development and Support	Outcome 5: A skilled and capable workforce to support an inclusive growth path	2 519	2 886	3 076	3 822	3 876	4 539	4 539
Value of foreign science, technology and innovative funds secured for knowledge production, technology transfer, enhanced innovation and science, technology and innovative human capital development from international partners through agreed instruments per year	International Cooperation and Resources		R196.3m	R285m	R241.2m	R300m	R354.6m	R388.6m	R414.2m
Number of South African researchers and students participating in international research and innovation opportunities per year	International Cooperation and Resources		-1	-1	-1	-1	1 456	1 571	1 962
Number of innovation support interventions developed/supported in key strategic areas per year	Technology Innovation	Outcome 4: Decent employment through inclusive economic growth	20	14	37	50	285	140	149
Number of new technology innovation products developed /supported in key strategic areas	Technology Innovation		24	26	37	72	6	3	5

1. There is no historical data because this is a new indicator.

## The national development plan

The national development plan considers science, technology and innovation to be key aspects of the South African developmental agenda. Science and technology are crucial to equitable economic growth because advances in these fields underpin economic advances, education and improvements in health systems and all infrastructure. In order to realise the potential of technology as an engine of growth, investment needs to be made in scientific and technological education; and the population empowered to use technology efficiently, through access to knowledge and skills.

The department will continue to align its strategies and plans with the priorities and key drivers of the national development plan through ongoing investment in human capital development in various programmes, including the provision of financial support for research and development initiatives to improve education, training and innovation. The plan proposes that the country should double its number of first rate scientists by 2030 and the department addresses this through a number of its programmes. The department is also, in conjunction with the Department of Higher Education and Training, a key source of research funding for universities. The

department's funding of research and innovation infrastructure is a vital source of financial support for public research institutions and universities for research equipment and facilities.

The strategic goals of the department directly address this research imperative through the provision of support for human capital development, the provision of research and innovation infrastructure and the promotion of knowledge generation. With respect to human capital development, for example, the national development plan recommends that South Africa should produce more than 100 doctoral graduates per million population per year by 2030 (the number is currently 33), produce double the number of postgraduate and first rate scientists, increase the number of African and women postgraduates and especially PhDs, and improve the qualifications of academic staff by increasing the percentage of PhD qualified staff in the higher education sector from the current 43 per cent to over 75 per cent by 2030. The department is currently implementing several interventions that seek to address the persisting systemic challenges of access, participation, and success rate across all levels of education (especially postgraduate); the ageing and unrepresentative nature of the scientific workforce and relatively low publication and patenting rates. These interventions include human capital capacity development; the senior researcher programme, the South African Research Chairs Initiative; and the bursary programme for postgraduate studies in innovation.

The department also provides research infrastructure to enable technological innovation through platforms such as the Centre for High Performance Computing and the South African National Research Network. The department stimulates technological innovation within industry and small business through its business support programmes. These include the research and development tax incentive programme, and technology assistance packages to small, medium and micro enterprises (SMMEs), thus contributing to employment creation and economic growth. Research within the department contributes to industrial development opportunities in a variety of niche areas, such as global change and earth systems sciences, advanced manufacturing, advanced metals and ICT.

## Expenditure estimates

**Table 34.2 Science and Technology**

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16			2016/17
R million													
Administration	188.9	195.6	225.3	245.7	245.7	9.2%	4.4%	291.0	309.2	311.2	8.2%	4.2%	
Technology Innovation	893.4	945.7	1 033.2	1 122.1	1 122.1	7.9%	20.4%	991.6	1 018.5	1 023.1	-3.0%	14.9%	
International Cooperation and Resources	100.8	99.8	102.9	110.2	110.2	3.0%	2.1%	119.7	125.2	126.2	4.6%	1.7%	
Research, Development and Support	1 768.5	2 003.3	2 366.6	3 233.8	3 233.8	22.3%	47.8%	3 503.8	4 300.1	4 323.7	10.2%	55.1%	
Socio-Economic Innovation Partnerships	1 100.4	1 159.1	1 245.4	1 486.4	1 486.4	10.5%	25.4%	1 564.1	1 801.3	1 850.6	7.6%	24.1%	
<b>Total</b>	<b>4 051.9</b>	<b>4 403.5</b>	<b>4 973.3</b>	<b>6 198.2</b>	<b>6 198.2</b>	<b>15.2%</b>	<b>100.0%</b>	<b>6 470.2</b>	<b>7 554.3</b>	<b>7 634.8</b>	<b>7.2%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				-	-			(130.0)	(90.0)	(50.0)			
<b>Economic classification</b>													
<b>Current payments</b>	<b>331.7</b>	<b>345.9</b>	<b>386.8</b>	<b>414.1</b>	<b>414.1</b>	<b>7.7%</b>	<b>7.5%</b>	<b>486.7</b>	<b>510.0</b>	<b>516.8</b>	<b>7.7%</b>	<b>6.9%</b>	
Compensation of employees	190.6	207.2	221.8	251.4	251.4	9.7%	4.4%	283.8	300.5	303.7	6.5%	4.1%	
Goods and services	140.7	138.3	164.6	162.7	162.7	4.9%	3.1%	202.9	209.5	213.1	9.4%	2.8%	
of which:													
Consultants and professional services: Business and advisory services	9.7	3.9	3.8	16.1	16.1	18.6%	0.2%	18.0	18.5	18.6	4.8%	0.3%	
Agency and support / outsourced services	16.6	24.8	22.0	11.7	11.7	-11.1%	0.4%	17.7	17.8	17.9	15.2%	0.2%	
Travel and subsistence	38.6	34.2	39.5	36.1	36.1	-2.2%	0.8%	48.3	48.3	50.8	12.1%	0.7%	
Venues and facilities	9.6	13.2	18.0	18.1	18.1	23.6%	0.3%	23.5	24.6	25.3	11.7%	0.3%	
Interest and rent on land	0.3	0.5	0.4	-	-	-100.0%	0.0%	-	-	-	-	-	

**Table 34.2 Science and Technology**

Economic classification	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2010/11 - 2013/14	2014/15		
R million												
<b>Transfers and subsidies</b>	<b>3 709.6</b>	<b>4 050.4</b>	<b>4 580.0</b>	<b>5 754.4</b>	<b>5 754.4</b>	<b>15.8%</b>	<b>92.2%</b>	<b>5 981.2</b>	<b>7 041.9</b>	<b>7 115.6</b>	<b>7.3%</b>	<b>92.9%</b>
Departmental agencies and accounts	2 233.2	2 599.3	3 011.9	4 170.1	4 170.1	23.1%	61.2%	4 349.9	5 368.2	5 394.2	9.0%	69.2%
Higher education institutions	173.2	151.1	153.6	20.0	20.0	-51.3%	2.5%	15.0	15.0	15.1	-9.0%	0.2%
Public corporations and private enterprises	1 246.3	1 245.8	1 350.5	1 034.2	1 034.2	-6.0%	24.8%	1 178.6	1 196.9	1 243.1	6.3%	16.7%
Non-profit institutions	56.0	53.6	63.3	530.1	530.1	111.6%	3.6%	437.6	461.9	463.2	-4.4%	6.8%
Households	1.0	0.6	0.6	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>10.6</b>	<b>6.9</b>	<b>6.5</b>	<b>29.7</b>	<b>29.7</b>	<b>40.9%</b>	<b>0.3%</b>	<b>2.3</b>	<b>2.4</b>	<b>2.4</b>	<b>-56.6%</b>	<b>0.1%</b>
Machinery and equipment	10.6	6.9	6.5	29.7	29.7	40.9%	0.3%	2.3	2.4	2.4	-56.6%	0.1%
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4 051.9</b>	<b>4 403.5</b>	<b>4 973.3</b>	<b>6 198.2</b>	<b>6 198.2</b>	<b>15.2%</b>	<b>100.0%</b>	<b>6 470.2</b>	<b>7 554.3</b>	<b>7 634.8</b>	<b>7.2%</b>	<b>100.0%</b>

## Personnel information

**Table 34.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number						
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
2012/13			2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17								
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Science and Technology</b>																			
Salary level	480	-	405	221.8	0.5	415	251.4	0.6	480	283.8	0.6	480	300.5	0.6	480	303.7	0.6	5.0%	100.0%
1 - 6	66	-	66	9.2	0.1	61	11.3	0.2	66	12.4	0.2	66	13.2	0.2	66	13.3	0.2	2.7%	14.0%
7 - 10	139	-	124	47.4	0.4	121	54.5	0.5	139	59.7	0.4	139	65.6	0.5	139	64.1	0.5	4.7%	29.0%
11 - 12	152	-	121	72.1	0.6	131	83.0	0.6	152	97.2	0.6	152	99.9	0.6	152	99.2	0.7	5.1%	31.6%
13 - 16	123	-	94	93.1	1.0	102	102.7	1.0	123	114.5	0.9	123	123.8	1.0	123	127.0	1.0	6.4%	25.4%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on developing human capital, generating and exploring knowledge, investing in research and development infrastructure, and encouraging South African innovation by funding marketable products emerging from research and incubation. This will be done primarily through the funds allocated to the *Research, Development and Support* programme.

In addition, to support the goal of improving competitiveness through investing in science and technology, the department will make significant transfer payments over the medium term to the Council for Industrial and Scientific Research and the National Research Foundation. These transfers are expected to fund 11 440 bursaries in 2014/15 and 14 880 in 2015/16 and 2016/17 for postgraduate research students at honours, masters and doctoral levels, and increase the number of MeerKAT antennae installed at the Square Kilometre Array from 4 in 2014/15 to 27 in 2015/16 and to 31 in 2016/17.

Expenditure on transfers and subsidies increased between 2010/11 and 2013/14 due to the additional funding needed for the Square Kilometre Array's 64-dish antennae radio telescope, MeerKAT. R1.4 billion has been allocated over the medium term from the economic competitiveness and support package for industrial partnerships, research into satellite development, titanium and nanotechnology, and for the internship programme.

As part of Cabinet approved reductions, the department's budget will be reduced by R130 million in 2014/15, R90 million in 2015/16 and R50 million in 2016/17. Due to slower than expected spending, the department will reduce expenditure on transfers and subsidies to the Technology Innovation Agency, the Council for Science and Industrial Research and industrial partnerships. These include partnerships with domestic and foreign

companies in the fields of ICT, nanotechnology and green industries. The budget reductions are not expected to impact on service delivery.

The department had a funded establishment of 480 posts, 65 of which were vacant at the end of November 2013. The vacancies were as a result of natural attrition and are set to be filled over the medium term. The planned increase in the staff complement is aimed at addressing the expected growth in the industrial partnerships research and development programmes, with a focus on stimulating innovative businesses.

A change to the programme budget structure in 2013/14 affects the *Technology Innovation, Research Development and Support* and *Socio-Economic Innovation Partnerships* programmes. More details are provided in the expenditure trends sections of these programmes.

### Infrastructure spending

#### *Mega project: Square Kilometre Array*

The Square Kilometre Array Organisation awarded a large portion of the final Square Kilometre Array project to South Africa and its eight African partner countries. While the construction of the Square Kilometre Array telescope is only expected to begin in 2017/18, work has begun on the 64-dish antennae radio telescope, MeerKAT. The first two MeerKAT antennae are scheduled to be completed by the end of 2013/14 and will be qualified and tested in 2014/15, with the entire system expected to be operational in 2016/17. R2.1 billion has been allocated over the medium term toward the Square Kilometre Array project, including MeerKAT.

#### *Large project: Research and development infrastructure*

R683 million has been allocated for research infrastructure over the medium term to provide the scientific community with equipment and facilities to ensure the country's global competitiveness in research, development and innovation. The department will continue to strategically use the research and development infrastructure budget to support five infrastructure categories: cyber infrastructure, scientific equipment, specialised facilities, high end infrastructure, and global infrastructure.

The primary allocations of the research and development infrastructure budget over the medium term are: R159 million for the scientific equipment category implemented by the National Research Foundation through the national equipment and nanotechnology equipment programmes, R105 million towards specialised facilities and R91 million to the national facilities of the National Research Foundation. A further R24 million has been made available in the high end infrastructure category for lithium battery development and titanium additive manufacturing laboratories and a primary titanium pilot plant.

The department will support cyber infrastructure by continuing to develop the High Performance Computing Centre, where the user community has grown from less than 20 in 2007 to more than 500 in 2013, and the continued rollout of broadband connectivity to all research and academic institutions, through the South African National Research Network programme. 40 research and academic sites were connected to the network in 2013/14 and all major campuses of the 23 higher education institutions, science councils, national facilities and publicly supported research institutions are now connected to the high speed national backbone. R632.4 million is allocated to cyber infrastructure over the medium term with the focus being on increasing the average bandwidth per South African National Research Network site to 3 500Mbps and increasing the user base, uptake and knowledge outputs of high performance computing by 2016/17.

## Departmental receipts

Table 34.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand						2010/11 - 2013/14					2013/14 - 2016/17	
<b>Departmental receipts</b>	468	1 365	1 219	1 792	1 792	56.4%	100.0%	116	121	121	-59.3%	100.0%
<b>Sales of goods and services produced by department</b>	35	56	64	28	28	-7.2%	3.8%	28	29	29	1.2%	5.3%
Other sales	35	56	64	28	28	-7.2%	3.8%	28	29	29	1.2%	5.3%
<i>of which:</i>												
Service rendered: Commission on insurance	32	56	64	28	28	-4.4%	3.7%	27	28	28	-	5.2%
Replacement of security cards	3	-	-	-	-	-100.0%	0.1%	1	1	1	-	0.1%

Table 34.4 Receipts

	Audited outcome			Adjusted estimate 2013/14	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13			2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
R thousand												
<b>Interest, dividends and rent on land</b>	<b>8</b>	<b>7</b>	<b>81</b>	<b>12</b>	<b>12</b>	<b>14.5%</b>	<b>2.2%</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>-12.6%</b>	<b>1.7%</b>
Interest	8	7	81	12	12	14.5%	2.2%	8	8	8	-12.6%	1.7%
<b>Sales of capital assets</b>	<b>-</b>	<b>257</b>	<b>577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions in financial assets and liabilities</b>	<b>425</b>	<b>1 045</b>	<b>497</b>	<b>1 752</b>	<b>1 752</b>	<b>60.3%</b>	<b>76.8%</b>	<b>80</b>	<b>84</b>	<b>84</b>	<b>-63.7%</b>	<b>93.0%</b>
<b>Total</b>	<b>468</b>	<b>1 365</b>	<b>1 219</b>	<b>1 792</b>	<b>1 792</b>	<b>56.4%</b>	<b>100.0%</b>	<b>116</b>	<b>121</b>	<b>121</b>	<b>-59.3%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 34.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Ministry</b>	<b>3.3</b>	<b>3.5</b>	<b>2.8</b>	<b>3.9</b>	<b>5.3%</b>	<b>1.6%</b>	<b>4.1</b>	<b>4.3</b>	<b>4.3</b>	<b>3.5%</b>	<b>1.4%</b>
Management	64.8	63.7	65.9	86.3	10.0%	32.8%	102.2	107.1	107.6	7.6%	34.8%
Corporate Services	113.2	119.7	146.9	143.9	8.3%	61.2%	170.7	183.3	184.7	8.7%	59.0%
Governance	5.4	5.9	6.6	8.8	17.3%	3.1%	9.3	9.7	9.8	3.7%	3.2%
Office Accommodation	2.1	2.9	3.1	2.9	11.3%	1.3%	4.7	4.9	4.9	19.1%	1.5%
<b>Total</b>	<b>188.9</b>	<b>195.6</b>	<b>225.3</b>	<b>245.7</b>	<b>9.2%</b>	<b>100.0%</b>	<b>291.0</b>	<b>309.2</b>	<b>311.2</b>	<b>8.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(22.5)			-	-	0.5		

#### Economic classification

<b>Current payments</b>	<b>179.5</b>	<b>189.7</b>	<b>219.8</b>	<b>229.9</b>	<b>8.6%</b>	<b>95.7%</b>	<b>276.6</b>	<b>294.0</b>	<b>295.9</b>	<b>8.8%</b>	<b>94.8%</b>
Compensation of employees	94.3	102.9	111.3	120.2	8.4%	50.1%	137.0	147.4	148.2	7.2%	47.8%
Goods and services	85.0	86.5	108.2	109.7	8.9%	45.5%	139.5	146.5	147.7	10.4%	47.0%
<i>of which:</i>											
<i>Consultants and professional services:</i>	4.9	2.2	1.9	10.3	28.0%	2.3%	11.0	11.5	11.5	3.7%	3.8%
<i>Business and advisory services</i>											
<i>Agency and support / outsourced services</i>	9.9	13.4	13.2	6.9	-11.6%	5.1%	7.8	8.2	8.2	6.1%	2.7%
<i>Travel and subsistence</i>	17.4	16.5	17.9	16.8	-1.3%	8.0%	25.0	25.7	25.9	15.6%	8.1%
<i>Venues and facilities</i>	3.2	6.1	9.9	14.1	63.6%	3.9%	16.2	17.4	17.4	7.3%	5.6%
Interest and rent on land	0.2	0.3	0.2	-	-100.0%	0.1%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1.4</b>	<b>1.0</b>	<b>0.9</b>	<b>13.6</b>	<b>111.9%</b>	<b>2.0%</b>	<b>12.1</b>	<b>12.8</b>	<b>12.9</b>	<b>-1.7%</b>	<b>4.4%</b>
Higher education institutions	0.1	0.3	-	-	-100.0%	-	-	-	-	-	-
Public corporations and private enterprises	0.3	-	0.5	-	-100.0%	0.1%	-	-	-	-	-
Non-profit institutions	0.6	0.7	0.3	13.6	177.2%	1.8%	12.1	12.8	12.9	-1.7%	4.4%
Households	0.4	0.1	0.1	-	-100.0%	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>7.9</b>	<b>4.8</b>	<b>4.5</b>	<b>2.2</b>	<b>-35.0%</b>	<b>2.3%</b>	<b>2.3</b>	<b>2.4</b>	<b>2.4</b>	<b>3.7%</b>	<b>0.8%</b>
Machinery and equipment	7.9	4.8	4.5	2.2	-35.0%	2.3%	2.3	2.4	2.4	3.7%	0.8%
<b>Total</b>	<b>188.9</b>	<b>195.6</b>	<b>225.3</b>	<b>245.7</b>	<b>9.2%</b>	<b>100.0%</b>	<b>291.0</b>	<b>309.2</b>	<b>311.2</b>	<b>8.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>4.7%</b>	<b>4.4%</b>	<b>4.5%</b>	<b>4.0%</b>			<b>4.5%</b>	<b>4.1%</b>	<b>4.1%</b>		

#### Details of selected transfers and subsidies

<b>Non-profit institutions</b>											
<b>Current</b>	<b>0.6</b>	<b>0.7</b>	<b>0.3</b>	<b>13.6</b>	<b>177.2%</b>	<b>1.8%</b>	<b>12.1</b>	<b>12.8</b>	<b>12.9</b>	<b>-1.7%</b>	<b>4.4%</b>
Institutional and programme support	0.6	0.7	0.3	13.6	177.2%	1.8%	12.1	12.8	12.9	-1.7%	4.4%

## Personnel information

**Table 34.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Administration																			
Salary level	263	–	222	111.3	0.5	225	120.2	0.5	263	137.0	0.5	263	147.4	0.6	263	148.2	0.6	5.3%	100.0%
1 – 6	48	–	48	7.5	0.2	44	8.1	0.2	48	9.0	0.2	48	9.7	0.2	48	9.7	0.2	2.9%	18.5%
7 – 10	93	–	80	30.7	0.4	78	33.3	0.4	93	37.1	0.4	93	41.9	0.5	93	40.1	0.4	6.0%	35.2%
11 – 12	65	–	51	31.9	0.6	58	33.5	0.6	65	41.2	0.6	65	42.0	0.6	65	42.2	0.6	3.9%	25.0%
13 – 16	57	–	43	41.2	1.0	45	45.4	1.0	57	49.8	0.9	57	53.9	0.9	57	56.2	1.0	8.2%	21.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on the overall management of the department and the provision of centralised support services to ensure good corporate governance practices. Expenditure in the *Corporate Services* and *Management* subprogrammes is projected to increase over the medium term, following the centralisation of certain activities within these subprogrammes in 2012/13 to realise the benefits of strategic sourcing. These include communications, asset management, information services, knowledge management, and inventory and facilities management. The department's office accommodation requirements are also expected to increase over the medium term.

The introduction of the ministerial public participation programme's hosting of international conferences such as the German–South Africa test of science both in South Africa and in Germany, and the marketing of the Square Kilometre Array project in 2012/13 resulted in increased spending on venues, facilities and catering between 2010/11 and 2013/14. In addition, spending on consultants increased over the same period due to the increased use of management advisory services, the testing of the implementation of the business continuity plan, and increased maintenance performed on the department's facilities. Spending on consultants is expected to increase over the medium term due to the lack of management advisory services skills in the department.

The programme had a funded establishment of 263 posts, of which 38 were vacant at the end of November 2013 as a result of attrition. These are expected to be filled over the medium term. The expected growth in the number of filled posts between 2013/14 and 2014/15 is aimed at enhancing management capacity to improve oversight on programmes and to ensure their strategic alignment with the department's overall goals.

## Programme 2: Technology Innovation

### Objectives

- Lead, inform and influence policy development in strategic science and technology innovation areas of focus through:
  - developing and implementing 29 policy instruments
  - providing oversight of projects carried out by recipients of funding
  - monitoring and regulating 15 institutional arrangements
  - supporting 574 innovation interventions in these key strategic areas by the end of March 2017.
- Coordinate and support research and high end skills development in the strategic and emerging fields of the science and technology of space science energy, and the bioeconomy by:
  - bioeconomy, intellectual property management transfer and technology commercialisation
  - supporting 1 146 masters and doctoral students and 42 postgraduates financially
  - enabling training for 1 290 trainees

- supporting 98 research output publications financially in these key strategic areas by the end of March 2017.
- Support, promote and advocate for the development and transition of scientific research and development outputs, processes and services by:
  - supporting 14 new technology innovation products
  - pursuing the registration of 9 new patents and 3 trademarks
  - ensuring 850 disclosures reported by publicly-funded institutions
  - commercialising 3 new technologies in the key strategic areas by the end of March 2017.
- Oversee, monitor and regulate key policy instruments and support interventions in the strategic and emerging science and technology of space science, energy, biotechnology, nanotechnology, robotics, photonics, indigenous knowledge systems, intellectual property management, technology transfer and transfer end technology commercialisation.

## Subprogrammes

- *Space Science* is a cross-cutting and user driven subprogramme that supports the creation of an environment conducive to the implementation of the national space and South African earth observation strategies. In 2012/13, 164 841 earth observation data scenes were distributed through targeted programmes aimed at various stakeholders. In 2013/14, 11 technology solutions were supported, including the time series applications for the forest and carbon tracking portal, the geohazard atlas and funding for the calibration and validation site used to conduct pre-campaign activities. In addition, 40 postgraduate students were supported, with 20 graduating, and 240 trainees received instruction. This subprogramme had a staff complement of 9 in 2013/14.
- *Hydrogen and Energy* plays a key role in developing a sustainable and globally competitive South African energy knowledge base and industry, especially as it relates to the nascent global hydrogen economy. In 2012/13, 3 research chairs in the energy sector were supported. In 2013/14, 10 research and development initiatives were supported, including the Hydrogen South Africa Centre of Competence, the Renewable Energy Hub and 3 research chairs in clean coal technology and biofuels. This subprogramme had a staff complement of 9 in 2013/14.
- *Bioeconomy* leads the department's implementation of the National Bioeconomy Strategy that was approved by Cabinet in 2013. It strengthens research and innovation competencies to enable projects and product development to be commercialised. In 2012/13, 4 research chairs in biotechnology and health innovation were supported. In 2013/14, financial support was provided for strategic health innovation partnership initiatives that concern malaria, tuberculosis, HIV and AIDS, and non-communicable diseases, and for the bioscience research chairs. In addition, 50 PhD students were supported and 310 bio-entrepreneurs were trained. This subprogramme had a staff complement of 12 in 2013/14.
- *Innovation Priorities and Instruments* supports and strengthens the innovation policy package and related programmatic interventions aimed at creating and sustaining an enabling environment for innovation, technology development and commercialisation of publicly funded research and development initiatives. In 2012/13, 3 technology based enterprises were established with the support of the Technology Innovation Agency. 58 products, processes and services were developed for commercialisation with 3 being commercialised by the agency. In 2013/14, 1 investment was commercialised through agency funding and 1 technology product/process was developed. This subprogramme had a staff complement of 6 in 2013/14.
- *National Intellectual Property Management Office* ensures compliance by recipients of publicly financed research and development opportunities with the Intellectual Property from Publicly Financed Research and Development Act (2008) and regulations; provides funding through the intellectual property fund for the protection and commercialisation of intellectual property emanating from publicly financed research and development in higher education institutions and science councils; and provides incentives to intellectual property creators to disclose, protect and commercialise their inventions. In 2012/13, 378 South African candidates were trained in intellectual property and technology transfer through workshops and the World Intellectual Property Organisation South African summer school on intellectual property and technology

transfer. In 2013/14, 11 proposals were received and were in the process of being finalised in terms of supporting organisation and technology transfers at institutions. This subprogramme had a staff complement of 11 in 2013/14.

## Expenditure estimates

**Table 34.7 Technology Innovation**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Space Science	74.2	115.7	170.3	203.4	39.9%	14.1%	169.9	173.9	175.2	-4.8%	17.4%
Hydrogen and Energy	130.8	145.6	131.9	146.2	3.8%	13.9%	146.4	153.1	153.3	1.6%	14.4%
Bioeconomy	169.0	107.4	125.7	132.1	-7.9%	13.4%	132.9	138.9	139.2	1.8%	13.1%
Innovation Priorities and Instruments	519.3	550.3	574.1	611.5	5.6%	56.5%	517.3	527.0	529.1	-4.7%	52.6%
National Intellectual Property Management Office	-	26.7	31.2	28.9	-	2.2%	25.1	25.7	26.3	-3.1%	2.5%
<b>Total</b>	<b>893.4</b>	<b>945.7</b>	<b>1 033.2</b>	<b>1 122.1</b>	<b>7.9%</b>	<b>100.0%</b>	<b>991.6</b>	<b>1 018.5</b>	<b>1 023.1</b>	<b>-3.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(505.1)			(612.2)	(683.5)	(687.4)		

### Economic classification

<b>Current payments</b>	<b>40.7</b>	<b>44.6</b>	<b>49.1</b>	<b>47.4</b>	<b>5.2%</b>	<b>4.6%</b>	<b>63.9</b>	<b>66.4</b>	<b>67.4</b>	<b>12.5%</b>	<b>5.9%</b>
Compensation of employees	24.6	29.5	30.1	35.1	12.6%	3.0%	42.0	43.0	43.1	7.0%	3.9%
Goods and services	16.1	15.1	19.0	12.2	-8.6%	1.6%	21.9	23.3	24.4	25.7%	2.0%
<i>of which:</i>											
Consultants and professional services: Business and advisory services	1.4	1.2	1.0	0.7	-23.2%	0.1%	1.6	1.6	1.6	36.0%	0.1%
Agency and support / outsourced services	3.1	3.8	4.5	3.6	5.7%	0.4%	7.9	8.2	8.2	31.4%	0.7%
Travel and subsistence	4.7	4.7	4.7	2.3	-20.8%	0.4%	4.8	4.7	5.9	36.8%	0.4%
Venues and facilities	1.6	1.9	1.4	0.4	-39.9%	0.1%	1.5	1.6	1.8	71.3%	0.1%
<b>Transfers and subsidies</b>	<b>851.0</b>	<b>900.4</b>	<b>983.5</b>	<b>1 047.2</b>	<b>7.2%</b>	<b>94.7%</b>	<b>927.7</b>	<b>952.2</b>	<b>955.7</b>	<b>-3.0%</b>	<b>93.4%</b>
Departmental agencies and accounts	517.0	658.7	741.9	740.8	12.7%	66.6%	635.6	648.0	650.9	-4.2%	64.4%
Higher education institutions	128.8	101.9	83.2	20.0	-46.2%	8.4%	15.0	15.0	15.1	-9.0%	1.6%
Public corporations and private enterprises	198.6	126.0	135.1	-	-100.0%	11.5%	-	-	-	-	-
Non-profit institutions	6.7	13.7	23.1	286.4	249.9%	8.3%	277.1	289.2	289.7	0.4%	27.5%
Households	0.0	-	0.1	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>1.6</b>	<b>0.7</b>	<b>0.6</b>	<b>27.5</b>	<b>157.9%</b>	<b>0.8%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.7%</b>
Machinery and equipment	1.6	0.7	0.6	27.5	157.9%	0.8%	-	-	-	-100.0%	0.7%
<b>Total</b>	<b>893.4</b>	<b>945.7</b>	<b>1 033.2</b>	<b>1 122.1</b>	<b>7.9%</b>	<b>100.0%</b>	<b>991.6</b>	<b>1 018.5</b>	<b>1 023.1</b>	<b>-3.0%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>22.0%</b>	<b>21.5%</b>	<b>20.8%</b>	<b>18.1%</b>			<b>15.3%</b>	<b>13.5%</b>	<b>13.4%</b>		

### Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	516.2	646.3	725.9	740.8	12.8%	65.8%	635.6	648.0	650.9	-4.2%	64.4%
Biofuels	5.0	5.0	-	-	-100.0%	0.3%	-	-	-	-	-
Biotechnology strategy	15.8	19.5	24.0	-	-100.0%	1.5%	-	-	-	-	-
Energy grand challenge	0.2	11.8	32.0	41.7	493.1%	2.1%	33.8	35.2	34.9	-5.8%	3.5%
Health innovation	12.4	28.5	28.9	-	-100.0%	1.7%	-	-	-	-	-
HIV and AIDS prevention and treatment technologies	18.2	4.3	4.0	21.3	5.4%	1.2%	22.6	23.6	23.8	3.7%	2.2%
Hydrogen strategy	17.2	16.9	15.0	-	-100.0%	1.2%	-	-	-	-	-
Innovation projects	5.5	-	-	17.0	46.1%	0.6%	28.6	30.0	30.1	20.9%	2.5%
International Centre for Generic Engineering and Biotechnology	9.9	-	-	10.9	3.4%	0.5%	11.6	12.1	12.2	3.7%	1.1%
Space science	6.1	-	19.6	45.0	94.6%	1.8%	40.0	37.5	37.7	-5.8%	3.9%
Indigenous knowledge systems	11.8	1.3	-	-	-100.0%	0.3%	-	-	-	-	-
Technology Innovation Agency	410.6	433.8	456.3	481.1	5.4%	44.6%	380.7	385.2	387.4	-7.0%	39.3%
South African National Space Agency	-	106.7	126.0	123.7	-	8.9%	118.3	124.4	125.0	0.3%	11.8%
Emerging research areas	3.5	18.5	20.0	-	-100.0%	1.1%	-	-	-	-	-

**Table 34.7 Technology Innovation**

Details of selected transfers and subsidies											
R million	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Non-profit institutions</b>											
<b>Current</b>	<b>6.7</b>	<b>8.7</b>	<b>19.0</b>	<b>183.2</b>	<b>201.5%</b>	<b>5.4%</b>	<b>176.5</b>	<b>184.5</b>	<b>184.9</b>	<b>0.3%</b>	<b>17.5%</b>
Biofuels	-	-	-	5.9	-	0.1%	6.2	6.5	6.5	3.7%	0.6%
Biotechnology strategy	-	-	3.5	37.7	-	1.0%	34.2	35.6	35.5	-2.0%	3.4%
Energy grand challenge	-	2.5	1.0	-	-	0.1%	-	-	-	-	-
Health innovation	-	2.8	0.1	43.7	-	1.2%	41.7	43.6	43.6	-0.1%	4.2%
HIV and AIDS prevention and treatment technologies	-	-	-	-	-	-	-	-	-	-	-
Hydrogen strategy	-	0.2	-	32.5	-	0.8%	34.4	36.0	36.2	3.7%	3.3%
International Centre for Generic Engineering and Biotechnology	-	-	10.4	-	-	0.3%	-	-	-	-	-
Space science	0.8	-	-	-	-100.0%	-	-	-	-	-	-
Technology transfer offices support	-	0.2	-	-	-	-	-	-	-	-	-
Indigenous knowledge systems	-	-	-	3.6	-	0.1%	3.8	4.4	4.4	7.0%	0.4%
Technology top 100	-	-	-	3.2	-	0.1%	3.4	3.5	3.5	3.7%	0.3%
Emerging research areas	5.9	3.0	4.0	56.7	112.3%	1.7%	52.9	54.9	55.1	-0.9%	5.3%
<b>Capital</b>	<b>-</b>	<b>5.0</b>	<b>4.1</b>	<b>103.2</b>	<b>-</b>	<b>2.8%</b>	<b>100.5</b>	<b>104.7</b>	<b>104.8</b>	<b>0.5%</b>	<b>9.9%</b>
Hydrogen strategy	-	-	-	57.3	-	1.4%	60.8	63.6	63.9	3.7%	5.9%
Technology transfer offices support	-	5.0	4.1	-	-	0.2%	-	-	-	-	-
National nanotechnology	-	-	-	45.8	-	1.1%	39.8	41.2	40.9	-3.7%	4.0%

## Personnel information

**Table 34.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
<b>Technology Innovation</b>																			
<b>Salary level</b>	56	-	34	30.1	0.9	32	35.1	1.1	56	42.0	0.7	56	43.0	0.8	56	43.1	0.8	20.5%	100.0%
1 - 6	7	-	6	0.3	0.0	4	0.3	0.1	7	0.4	0.1	7	0.4	0.1	7	0.4	0.1	20.5%	12.5%
7 - 10	7	-	4	3.9	1.0	4	5.3	1.3	7	5.9	0.8	7	6.2	0.9	7	6.2	0.9	20.5%	12.5%
11 - 12	23	-	14	12.1	0.9	13	10.5	0.8	23	14.6	0.6	23	12.2	0.5	23	12.3	0.5	20.9%	41.0%
13 - 16	19	-	10	13.8	1.4	11	18.9	1.7	19	21.1	1.1	19	24.3	1.3	19	24.2	1.3	20.0%	34.0%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on the *Innovation Priorities and Instruments* subprogramme to support the policy of creating an enabling environment for innovation, technology development and commercialising publicly funded research and development initiatives. The significant spending on the *Innovation Priorities and Instruments* subprogramme between 2010/11 and 2013/14 has contributed to the establishment of 4 technology based enterprises through the Technology Innovation Agency, and the development of 99 technology innovation products, processes and services, such as geospatial information, for commercialisation. Transfers to the Technology Innovation Agency are projected to decrease by R30 million in 2014/15, R50 million in 2015/16 and R50 million in 2016/17 due to Cabinet approved reductions that are to be effected on account of slower than expected spending. These reductions are not expected to impact on service delivery.

Expenditure on payments for capital assets for machinery and equipment increased between 2010/11 and 2013/14 due to the acquisition of Sunspace intellectual property in 2013/14 and the creation of the South African National Space Agency in 2011/12 to enable the country to launch its own communication satellites. Expenditure on transfers and subsidies is expected to decrease over the medium term as a result of the budget structure realignment that will take effect from 2014/15. The decrease is mainly due to the movement of the radio astronomy advances function from this programme to the *Research, Development*

and Support programme. The programme has 24 vacancies in its funded establishment of 56 posts at the end of November 2013 as a result of natural attrition. These posts are expected to be filled over the medium term.

## Programme 3: International Cooperation and Resources

### Objectives

- Stimulate knowledge production, international technology transfer and enhanced innovation by securing R1.2 million in foreign science technology and human capital development funds for science, technology and innovation based socioeconomic development in South Africa by the end of March 2017.
- Increase international exposure for South African researchers and students to global knowledge and science, technology, and innovation networks through facilitating their participation in 116 specialist or joint technical workshops, policy dialogues, symposia or conferences by the end of March 2017.
- Contribute towards the shaping of global science, technology and innovation discourse, decision making and policy formulation, through leading 54 regional, continental and global initiatives by the end of March 2017.
- Support science technology and innovation capacity on the African continent to create conditions for the development of a knowledge based economy in Africa, through supporting 16 regional, continental and multilateral governance systems by the end of March 2017.
- Increase participation by South Africans in international human capital development opportunities to strengthen the South African national system of innovation, by:
  - enabling participation in 152 international research and innovation opportunities
  - supporting the participation of 4 989 South African researchers and students in international human capital development opportunities by the end of March 2017.

### Subprogrammes

- *Multilateral Cooperation and Africa* seeks to advance and facilitate South Africa's participation in strategic international partnerships in science, technology and innovation to achieve shared economic and social development in the region and the continent. In 2012/13, South Africa's science, technology and innovation cooperation on multilateral platforms, especially those in the region and the continent, was enhanced. This work continued in 2013/14 through various projects and working groups. This subprogramme had a staff complement of 22 in 2013/14.
- *International Resources* works to increase the flow of international resources into the country by creating conditions for access to international science, technology and innovation skills and global projects. The focus will continue to be on managing the engagement with the European Union (EU) in pursuit of significant new financial support through the EU sector budget support and EU research and innovation programmes. In 2012/13, the department played an active role at the South Africa-EU Summit in Brussels. In 2013/14, R300 million in science, technology and innovation funds was secured from international partners for knowledge production, technology transfer, enhanced innovation and human capital development through agreed instruments. This subprogramme had a staff complement of 22 in 2013/14.
- *Overseas Bilateral Cooperation* promotes collaborative activities and secures resources in support of the national system of innovation from countries outside Africa, with a specific focus on accelerating the development of a knowledge driven economy. The key output for 2012/13, which continued into 2013/14, was the German-South Africa Year of Science programme, in which cooperation between the two countries was celebrated. Contact for cooperation with China and India was also initiated in 2013/14. This subprogramme had a staff complement of 20 in 2013/14.

## Expenditure estimates

**Table 34.9 International Cooperation and Resources**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Multilateral Cooperation and Africa	27.6	26.7	24.8	25.0	-3.2%	25.2%	27.5	28.7	29.3	5.4%	23.0%
International Resources	39.9	42.6	44.7	50.9	8.5%	43.1%	55.0	57.5	57.8	4.3%	46.0%
Overseas Bilateral Cooperation	33.3	30.5	33.4	34.2	0.9%	31.8%	37.2	38.9	39.1	4.6%	31.1%
<b>Total</b>	<b>100.8</b>	<b>99.8</b>	<b>102.9</b>	<b>110.2</b>	<b>3.0%</b>	<b>100.0%</b>	<b>119.7</b>	<b>125.2</b>	<b>126.2</b>	<b>4.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(38.2)			(37.5)	(39.2)	(38.9)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>51.1</b>	<b>48.2</b>	<b>56.6</b>	<b>58.6</b>	<b>4.7%</b>	<b>51.9%</b>	<b>65.1</b>	<b>64.1</b>	<b>64.9</b>	<b>3.4%</b>	<b>52.5%</b>
Compensation of employees	31.2	31.8	33.9	38.0	6.8%	32.6%	43.4	45.4	45.6	6.3%	35.8%
Goods and services	19.9	16.3	22.6	20.7	1.3%	19.2%	21.7	18.7	19.2	-2.4%	16.7%
<i>of which:</i>											
Communication	1.2	1.0	0.6	1.7	13.3%	1.1%	1.8	1.6	1.6	-2.2%	1.4%
Travel and subsistence	10.0	8.2	10.3	9.5	-1.7%	9.2%	9.9	8.4	8.9	-2.1%	7.6%
Operating payments	0.3	0.8	1.0	0.9	43.9%	0.8%	1.0	1.1	1.1	3.7%	0.8%
Venues and facilities	3.6	2.5	5.5	2.7	-9.2%	3.5%	2.9	2.8	2.8	0.7%	2.3%
<b>Transfers and subsidies</b>	<b>49.2</b>	<b>51.1</b>	<b>45.7</b>	<b>51.6</b>	<b>1.6%</b>	<b>47.8%</b>	<b>54.6</b>	<b>61.0</b>	<b>61.4</b>	<b>6.0%</b>	<b>47.5%</b>
Departmental agencies and accounts	20.3	19.8	16.6	-	-100.0%	13.7%	-	-	-	-	-
Higher education institutions	6	6	14	-	-100.0%	6.2%	-	-	-	-	-
Public corporations and private enterprises	18	23	12	-	-100.0%	12.9%	-	-	-	-	-
Non-profit institutions	4	3	3	52	129.7%	14.9%	55	61	61	6.0%	47.5%
Households	0.0	0.2	-	-	-100.0%	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>-</b>	<b>-100.0%</b>	<b>0.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Machinery and equipment	0.5	0.5	0.6	-	-100.0%	0.4%	-	-	-	-	-
<b>Total</b>	<b>100.8</b>	<b>99.8</b>	<b>102.9</b>	<b>110.2</b>	<b>3.0%</b>	<b>100.0%</b>	<b>119.7</b>	<b>125.2</b>	<b>126.2</b>	<b>4.6%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	2.5%	2.3%	2.1%	1.8%			1.9%	1.7%	1.7%		
<b>Details of selected transfers and subsidies</b>											
<b>Non-profit institutions</b>											
<b>Current</b>	<b>4.3</b>	<b>2.9</b>	<b>2.9</b>	<b>51.6</b>	<b>411.6%</b>	<b>7.8%</b>	<b>54.6</b>	<b>61.0</b>	<b>61.4</b>	<b>14.6%</b>	<b>24.7%</b>
Global science: Bilateral cooperation	-	-	-	12.2	-	3.4%	12.9	13.5	13.6	3.7%	11.3%
Global science: International resources	4.1	2.9	2.9	31.7	96.9%	4.1%	33.5	39.0	39.2	7.4%	12.6%
Global science: African multilateral agreements	0.1	-	-	7.7	314.7%	0.4%	8.1	8.5	8.5	3.5%	0.8%

## Personnel information

**Table 34.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

International Cooperation and Resources	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	Unit Cost	Cost	2013/14	Unit Cost	Cost	2014/15	Unit Cost	Cost	2015/16	Unit Cost	Cost			2016/17	Unit Cost	Cost
Salary level	56	-	53	33.9	0.6	56	38.0	0.7	56	43.4	0.8	56	45.4	0.8	56	45.6	0.8	-	100.0%
1-6	2	-	2	0.3	0.2	2	0.6	0.3	2	0.7	0.3	2	0.7	0.3	2	0.7	0.4	-	3.6%
7-10	22	-	22	5.1	0.2	22	11.0	0.5	22	11.6	0.5	22	12.1	0.6	22	12.2	0.6	-	39.3%
11-12	16	-	14	10.1	0.7	16	12.4	0.8	16	13.1	0.8	16	13.7	0.9	16	13.8	0.9	-	28.6%
13-16	16	-	15	18.3	1.2	16	14.0	0.9	16	18.0	1.1	16	18.8	1.2	16	18.9	1.2	-	28.6%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term continues to be on engagement with the EU in pursuit of its sector budget support and research and innovation programmes; and managing bilateral relations and Africa-to-Africa engagements as well as multilateral engagements. The bulk of spending over the medium term will go towards

transfers and subsidies to agencies and non-profit institutions. The aim is to increase South African participation in international human capital development opportunities, strengthen the national system of innovation by accessing 152 international research and innovation opportunities, and support the participation of 4 989 South African researchers and students in these opportunities. Funding for these activities is provided throughout all of the subprogrammes. To access the benefits of strategic sourcing, the following amounts were reprioritised from this programme to the *Administration* programme in 2012/13: R1.2 million from the *Multilateral Cooperation and Africa* subprogramme, R1.2 million from the *International Resources* subprogramme and R1.2 million from the *Overseas Bilateral Cooperation* subprogramme.

Overall expenditure increased between 2010/11 and 2013/14 to enhance projects aimed at strengthening bilateral and multilateral cooperation and leverage international resources for transfers for global science in the *International Resources* subprogramme. The programme had a funded and filled establishment of 56 posts at the end of November 2013.

## Programme 4: Research Development and Support

### Objectives

- Contribute to the development of demographically representative, high-level human capital capable of pursuing locally relevant, globally competitive research and innovation activities by:
  - increasing the total number of postgraduate research students awarded bursaries, as reflected in National Research Foundation reports, from 11 440 in 2014/15 to 14 880 in 2015/16 and to 14 880 in 2016/17
  - increase the total number of graduates and students placed in department funded work preparation programmes in scientific engineering and technological institutions from 100 in 2014/15, to 800 in 2015/16 and 2016/17
- Ensure access to internationally comparable research and innovation infrastructure to generate new knowledge and train new researchers by:
  - increasing the number of research infrastructure grants from 60 in 2014/15 and 2015/16, to 70 in 2016/17
  - increasing the availability of bandwidth per South African National Research Network site from 2 800Mbps in 2014/15 to 3 500Mbps in 2015/16 and 2016/17.
- Support and promote research productivity through new knowledge and relevant training opportunities by:
  - increasing the total number of researchers awarded research grants through National Research Foundation managed programmes from 3 876 in 2014/15 to 4 539 in 2015/16 and 2016/17
  - increasing the number of Institute for Science accredited research articles published by National Research Foundation funded researchers from 5 700 in 2014/15 to 7 000 in 2015/16 and 2016/17.
- Strategically develop priority science areas in which South Africa enjoys a competitive advantage by increasing the number of MeerKAT antennae, as per Square Kilometre Array specification, by 4 in 2014/15, 27 in 2015/16 and 31 in 2016/17.
- Promote public engagement in science, technology and innovation by increasing the number of participants in science awareness and engagement programmes from 942 160 in 2014/15 to 979 000 in 2015/16 and to 1 200 000 in 2016/17.

### Subprogrammes

- *Human Capital and Science Promotions* is discussed in more detail below.
- *Science Missions* promotes the development of research, production of scientific knowledge and human capital development in science areas in which South Africa enjoys a geographic advantage. In 2013/14, the Minister of Science and Technology launched the Bioprospecting and Product Development Consortium, comprising 16 institutions ranging from science councils to universities and civil society organisations. In 2014/15, the earth systems science unit within the subprogramme and the National Research Foundation will jointly host the second national conference on global change. This subprogramme had a staff complement of 13 in 2013/14.

- *Basic Science and Infrastructure* facilitates the strategic implementation of research and innovation equipment and infrastructure to promote knowledge production in areas of national priority to sustain research and development led innovation and promote the development of basic or foundational sciences such as physics, chemistry, biological and life sciences, geographic and geological sciences and human and social sciences. In 2012/13, more than 50 research infrastructure grants were awarded across a range of infrastructure categories, giving approximately 250 researchers and 2 500 students access to advanced scientific equipment and infrastructure. In 2013/14, approximately 60 research grants were awarded across the infrastructure categories. This subprogramme had a staff complement of 10 in 2013/14.
- *Astronomy* supports the development of astronomical sciences around a multi-wavelength research strategy and provides strategic guidance and support to relevant astronomy institutions in the implementation of the department's astronomy programmes. Of particular relevance are the Southern African Large Telescope, the MeerKAT, the High Energy Stereoscopic System, the African Very Long Baseline Interferometry Network, and the Square Kilometre Array projects. Funding for astronomy initiatives is channelled through the National Research Foundation. In 2013/14, 2 MeerKAT antennae were installed as per Square Kilometre Array specification. This subprogramme had a staff complement of 3 in 2013/14.

## Expenditure estimates

**Table 34.11 Research, Development and Support**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)		Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17		
R million												
Human Capital and Science Promotions	1 184.2	1 357.9	1 413.9	1 693.6	12.7%	60.3%	1 874.7	2 364.2	2 377.8	12.0%	54.1%	
Science Missions	84.2	107.5	147.7	160.9	24.1%	5.3%	176.8	184.7	185.7	4.9%	4.6%	
Basic Science and Infrastructure	476.5	510.8	561.4	723.5	14.9%	24.2%	774.1	1 018.3	1 023.4	12.3%	23.0%	
Astronomy	23.6	27.2	243.6	655.8	202.7%	10.1%	678.2	733.0	736.8	4.0%	18.3%	
<b>Total</b>	<b>1 768.5</b>	<b>2 003.3</b>	<b>2 366.6</b>	<b>3 233.8</b>	<b>22.3%</b>	<b>100.0%</b>	<b>3 503.8</b>	<b>4 300.1</b>	<b>4 323.7</b>	<b>10.2%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				757.0			820.2	882.3	888.7			

### Economic classification

<b>Current payments</b>	<b>33.4</b>	<b>32.6</b>	<b>28.9</b>	<b>37.3</b>	<b>3.7%</b>	<b>1.4%</b>	<b>37.7</b>	<b>40.3</b>	<b>41.1</b>	<b>3.3%</b>	<b>1.0%</b>
Compensation of employees	22.0	21.6	21.2	26.2	5.9%	1.0%	27.5	29.2	29.4	3.9%	0.7%
Goods and services	11.4	10.9	7.7	11.1	-0.8%	0.4%	10.2	11.2	11.7	1.9%	0.3%
of which:											
Consultants and professional services:	2.5	0.2	0.0	1.0	-24.7%	-	1.0	1.1	1.2	3.2%	-
Business and advisory services											
Agency and support / outsourced services	0.3	2.4	0.9	0.4	3.4%	-	0.6	0.7	0.7	20.9%	-
Travel and subsistence	4.2	2.7	3.9	5.1	7.0%	0.2%	5.4	6.2	6.4	7.9%	0.2%
Venues and facilities	0.8	2.3	1.1	0.6	-11.3%	0.1%	1.2	1.2	1.5	37.1%	-
<b>Transfers and subsidies</b>	<b>1 734.8</b>	<b>1 970.4</b>	<b>2 337.4</b>	<b>3 196.6</b>	<b>22.6%</b>	<b>98.6%</b>	<b>3 466.1</b>	<b>4 259.8</b>	<b>4 282.6</b>	<b>10.2%</b>	<b>99.0%</b>
Departmental agencies and accounts	1 417.3	1 615.3	1 961.4	2 916.0	27.2%	84.4%	3 168.2	3 947.5	3 968.7	10.8%	91.1%
Higher education institutions	30.7	31.1	52.0	-	-100.0%	1.2%	-	-	-	-	-
Public corporations and private enterprises	249.2	294.5	293.1	101.9	-25.8%	10.0%	204.0	213.5	214.5	28.2%	4.8%
Non-profit institutions	37.4	29.2	30.5	178.7	68.4%	2.9%	93.9	98.8	99.3	-17.8%	3.1%
Households	0.2	0.3	0.4	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Machinery and equipment	0.3	0.4	0.3	-	-100.0%	-	-	-	-	-	-
<b>Total</b>	<b>1 768.5</b>	<b>2 003.3</b>	<b>2 366.6</b>	<b>3 233.8</b>	<b>22.3%</b>	<b>100.0%</b>	<b>3 503.8</b>	<b>4 300.1</b>	<b>4 323.7</b>	<b>10.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>43.6%</b>	<b>45.5%</b>	<b>47.6%</b>	<b>52.2%</b>			<b>54.2%</b>	<b>56.9%</b>	<b>56.6%</b>		

### Details of selected transfers and subsidies

Departmental agencies and accounts	2010/11	2011/12	2012/13	2013/14	Average growth rate (%)	Expenditure/total: Average (%)	2014/15	2015/16	2016/17	Average growth rate (%)	Expenditure/total: Average (%)
<b>Departmental agencies (non-business entities)</b>	<b>1 215.9</b>	<b>1 401.7</b>	<b>1 487.7</b>	<b>1 775.6</b>	<b>13.5%</b>	<b>62.7%</b>	<b>1 968.4</b>	<b>2 460.5</b>	<b>2 474.3</b>	<b>11.7%</b>	<b>56.5%</b>
<b>Current</b>											
Square Kilometre Array	12.6	10.8	11.8	12.5	-0.4%	0.5%	13.2	13.8	13.9	3.7%	0.3%
Astronomy	9.2	12.2	11.7	12.7	11.1%	0.5%	13.3	14.0	14.1	3.5%	0.4%
Human and social development dynamics	26.0	17.1	10.1	11.3	-24.3%	0.7%	10.0	10.4	10.5	-2.5%	0.3%
Human resources development	335.3	146.2	191.0	410.6	7.0%	11.6%	470.7	892.2	896.3	29.7%	17.4%
National Research Foundation	749.1	1 099.0	1 063.9	1 112.9	14.1%	42.9%	851.2	892.6	880.2	-7.5%	24.3%
Science awareness	33.9	32.9	48.7	-	-100.0%	1.2%	-	-	-	-	-
Strategic science platforms	49.3	64.2	90.1	141.6	42.2%	3.7%	158.1	164.8	165.6	5.4%	4.1%
Women in science	0.3	-	-	-	-100.0%	-	-	-	-	-	-
South African Research Chairs Initiative	-	19.4	60.4	74.0	-	1.6%	451.9	472.7	493.8	88.2%	9.7%

**Table 34.11 Research, Development and Support**

Details of selected transfers and subsidies											
R million	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
<b>Capital</b>	<b>201.4</b>	<b>213.6</b>	<b>473.7</b>	<b>1 140.4</b>	<b>78.2%</b>	<b>21.6%</b>	<b>1 199.7</b>	<b>1 486.9</b>	<b>1 494.4</b>	<b>9.4%</b>	<b>34.6%</b>
Square Kilometre Array	–	–	218.7	628.1	–	9.0%	647.8	701.1	704.6	3.9%	17.5%
Research and development infrastructure	201.4	213.6	255.0	512.3	36.5%	12.6%	551.9	785.8	789.8	15.5%	17.2%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Capital</b>	<b>220.5</b>	<b>252.7</b>	<b>278.1</b>	<b>101.9</b>	<b>-22.7%</b>	<b>9.1%</b>	<b>204.0</b>	<b>213.5</b>	<b>214.5</b>	<b>28.2%</b>	<b>4.8%</b>
Cyber infrastructure	170.8	186.7	216.0	101.9	-15.8%	7.2%	204.0	213.5	214.5	28.2%	4.8%
Research and development infrastructure	49.7	66.0	62.1	–	-100.0%	1.9%	–	–	–	–	–
<b>Non-profit institutions</b>											
<b>Current</b>	<b>34.4</b>	<b>29.2</b>	<b>30.5</b>	<b>88.2</b>	<b>36.9%</b>	<b>1.9%</b>	<b>93.9</b>	<b>98.8</b>	<b>99.3</b>	<b>4.0%</b>	<b>2.5%</b>
Academy of Science of South Africa	10.6	14.0	16.3	20.7	25.3%	0.7%	21.6	23.0	23.1	3.7%	0.6%
Human resources development	3.7	7.9	8.3	–	-100.0%	0.2%	–	–	–	–	–
Learnerships	3.0	–	–	–	-100.0%	–	–	–	–	–	–
Science awareness	4.2	4.9	5.2	61.5	144.0%	0.8%	66.0	69.2	69.5	4.2%	1.7%
Strategic science platforms	12.9	2.5	0.8	6.0	-22.4%	0.2%	6.4	6.7	6.7	3.7%	0.2%

## Personnel information

**Table 34.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Research, Development and Support	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual						Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)
			2012/13			2013/14			2014/15		2015/16		2016/17		2013/14 - 2016/17				
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		Number	Cost		
<b>Salary level</b>	<b>47</b>	<b>–</b>	<b>41</b>	<b>21.2</b>	<b>0.5</b>	<b>44</b>	<b>26.2</b>	<b>0.6</b>	<b>47</b>	<b>27.5</b>	<b>0.6</b>	<b>47</b>	<b>29.2</b>	<b>0.6</b>	<b>47</b>	<b>29.4</b>	<b>0.6</b>	<b>2.2%</b>	<b>100.0%</b>
1 – 6	2	–	5	0.3	0.1	4	0.7	0.2	2	0.7	0.4	2	0.7	0.4	2	0.8	0.4	-20.6%	5.4%
7 – 10	7	–	6	5.9	1.0	7	1.5	0.2	7	1.6	0.2	7	1.6	0.2	7	1.7	0.2	–	15.1%
11 – 12	24	–	20	6.6	0.3	20	13.8	0.7	24	14.7	0.6	24	15.7	0.7	24	15.9	0.7	6.3%	49.7%
13 – 16	14	–	10	8.3	0.8	13	10.2	0.8	14	10.5	0.8	14	11.0	0.8	14	11.1	0.8	2.5%	29.7%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on increasing the bursary amounts awarded to postgraduate students and on attracting more students, especially in the fields of astronomy, archaeology and palaeontology, as part of the policy to stimulate scientific research. The spending focus will also be on upgrading the national system of innovation infrastructure and equipment to increase the level of interest in research and development.

Over the same period, expenditure on transfers and subsidies is expected to increase significantly due to the modernisation of the science councils' infrastructure, and for the National Research Foundation's astronomy initiatives. There are also increases in the programme spending as a result of the budget programme structure realignment, which transferred the radio astronomy advances function from the *Technology Innovation* programme and the social development analysis function from the *Socio-Economic Innovation Partnerships* programme to this programme.

The programme had 3 vacancies in its funded establishment of 47 posts at the end of November 2013 as a result of natural attrition. The posts are expected to be filled over the medium term.

## Subprogramme: Human Capital and Science Promotion

This subprogramme formulates and implements policies and strategies that address the availability of human capital for science, technology and innovation, and fundamental support for research activities. The subprogramme provides strategic direction and support to institutions mandated with human capital development and increased knowledge production, as well as interfacing with relevant stakeholders in this

regard. The department has increased the number of postgraduate students funded through bursaries and the per capita level of support. Departmental bursary values increased by more than 30 per cent between 2008/09 and 2012/13, and this was accompanied by a 20 per cent rise in student numbers. In 2012/13, 3 076 researchers were funded as research grant-holders against a target of 2 600. By the end of September 2013, 2 896 had been funded against a target of 3 822. In addition, support for 33 science centres, the key infrastructure for driving science awareness and engagement, will increase over the medium term. This subprogramme had a staff complement of 17 and a budget of R1.7 billion in 2013/14.

## Expenditure estimates

**Table 34.13 Human Capital and Science Promotions**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11	2013/14	2014/15	2015/16	2016/17		
R million											
<b>Current payments</b>	<b>13.4</b>	<b>12.3</b>	<b>10.6</b>	<b>13.9</b>	<b>1.3%</b>	<b>0.9%</b>	<b>13.3</b>	<b>14.5</b>	<b>14.9</b>	<b>2.3%</b>	<b>0.7%</b>
Compensation of employees	9.3	8.7	7.7	9.4	0.4%	0.6%	9.7	10.1	10.1	2.3%	0.5%
Goods and services	4.1	3.6	2.8	4.5	3.3%	0.3%	3.6	4.3	4.8	2.2%	0.2%
of which:											
Consultants and professional services:	0.1	-	-	0.3	84.0%	-	-	-	-	-100.0%	-
Business and advisory services											
Agency and support / outsourced services	0.2	0.0	0.1	-	-100.0%	-	0.2	0.2	0.2	-	-
Travel and subsistence	1.2	0.9	1.3	1.6	11.7%	0.1%	1.9	2.5	2.6	16.7%	0.1%
Venues and facilities	0.6	2.1	0.5	0.1	-53.4%	0.1%	0.7	0.8	1.1	155.7%	-
<b>Transfers and subsidies</b>	<b>1 170.7</b>	<b>1 345.5</b>	<b>1 403.3</b>	<b>1 679.7</b>	<b>12.8%</b>	<b>99.1%</b>	<b>1 861.3</b>	<b>2 349.7</b>	<b>2 362.9</b>	<b>12.0%</b>	<b>99.3%</b>
Departmental agencies and accounts	1 118.7	1 297.5	1 364.0	1 597.5	12.6%	95.2%	1 773.8	2 257.5	2 270.3	12.4%	95.1%
Higher education institutions	10.4	9.1	9.3	-	-100.0%	0.5%	-	-	-	-	-
Public corporations and private enterprises	20.0	12.0	-	-	-100.0%	0.6%	-	-	-	-	-
Non-profit institutions	21.5	26.8	29.8	82.2	56.3%	2.8%	87.5	92.2	92.6	4.1%	4.3%
Households	0.0	0.1	0.2	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Machinery and equipment	0.1	0.0	0.1	-	-100.0%	-	-	-	-	-	-
<b>Total</b>	<b>1 184.2</b>	<b>1 357.9</b>	<b>1 413.9</b>	<b>1 693.6</b>	<b>12.7%</b>	<b>100.0%</b>	<b>1 874.7</b>	<b>2 364.2</b>	<b>2 377.8</b>	<b>12.0%</b>	<b>100.0%</b>
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>67.0%</b>	<b>67.8%</b>	<b>59.7%</b>	<b>52.4%</b>			<b>53.5%</b>	<b>55.0%</b>	<b>55.0%</b>		

## Personnel information

**Table 34.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Human Capital and Science Promotions	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	Unit Cost	Unit Cost	2013/14	Unit Cost	Unit Cost	2014/15	Unit Cost	Unit Cost	2015/16	Unit Cost	Unit Cost			2016/17	Unit Cost	Unit Cost
Salary level	17	-	17	7.7	0.6	17	9.4	0.6	17	9.7	0.6	17	10.1	0.6	17	10.1	0.6	-	100.0%
1-6	2	-	2	0.1	0.1	2	0.1	0.1	2	0.1	0.1	2	0.1	0.1	2	0.1	0.16	-	11.8%
7-10	2	-	2	0.5	0.2	2	0.5	0.2	2	0.5	0.2	2	0.5	0.2	2	0.5	0.2	-	11.8%
11-12	9	-	9	4.0	0.5	9	5.7	0.6	9	6.0	0.7	9	5.7	0.6	9	5.7	0.6	-	52.9%
13-16	4	-	4	3.0	0.8	4	3.1	0.8	4	3.1	0.8	4	3.8	1.0	4	3.8	1.0	-	23.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on increasing the value of bursaries awarded and increasing the number of students supported, as part of the policy goal to invest in human resources and train researchers. Expenditure on transfers and subsidies to the National Research Foundation in the medium term is expected to increase at an average annual rate of 12.4 per cent, with the increase in spending expected to see the numbers of students supported increase from 11 440 in 2014/15 to 14 880 in 2016/17, as part of an active strategy to fund deserving students. Effective spending on the human capital programme is expected to yield benefits to the scientific community in respect of national competitiveness, entrepreneurship and scientific innovation.

Between 2010/11 and 2013/14, spending in the *Human Capital and Science Promotions* subprogramme was mainly on transfers for human resources development to support researchers and students pursuing postgraduate studies at honours, masters, doctoral and postdoctoral levels. Doctoral graduations rose by 59 per cent, from 1 181 in 2010 to 1 878 in 2012, through funding from the National Research Foundation. Spending on the Centre for High Performance Computing, the South African National Research Network, research and development infrastructure, and cyber infrastructure also increased due to an additional allocation provided in the 2013 Budget.

The subprogramme had a filled and funded establishment of 17 posts at the end of November 2013. The department is reviewing its human resource plan to align it with the service delivery model. Expenditure on compensation of employees is expected to increase at an average annual rate of 2.3 per cent over the medium term.

## **Programme 5: Socio Economic Innovation Partnerships**

- Inform and influence how science and technology can be used to transform and enhance rural and socioeconomic development, government planning and service delivery and the building of sustainable human settlements by creating, sustaining or improving 420 livelihood opportunities by the end of March 2016.
- Sustain niche high-potential research and development capabilities that improve the competitiveness of existing and emerging economic sectors and facilitate the development of new targeted industries with growth potential in aerospace, advanced manufacturing, chemicals, mining, advanced metals and ICT through:
  - funding or co-funding 255 masters and doctoral students in designated niche areas by the end of March 2015
  - funding or co-funding 150 interns in designated niche areas by the end of March 2015
  - funding or co-funding the development of 20 knowledge and innovation products (patents, prototypes, technology demonstrators and technology transfer packages) by the end of March 2015
  - funding 5 instruments in support of increased localisation, competitiveness and research and development led industry development by the end of March 2015.
- Identify, grow and sustain niche high potential science and technology investment capabilities for sustainable development and the greening of society and the economy.
- Enhance understanding and analysis that supports improvement in the functioning and performance of the national system of innovation through publishing reports and policy briefings by 31 March 2015.

### **Subprogrammes**

- *Sector Innovation and Green Economy* provides support for research and development-led growth in strategic sectors of the economy to support a transition to a green economy by facilitating the implementation of high impact science and technology interventions; identifying and initiating science and technology programmes that support the growth of the environmental technologies and services sector in South Africa; and facilitating policy and strategy development on research and development interventions that support the growth of the ICT sector. In 2012/13, 294 masters and PhD students were funded or co-funded; there were 2 additions to the intellectual property portfolio; and 132 scientific and technical papers were accepted for publication. This subprogramme had a staff complement of 19 in 2013/14.
- *Innovation for Inclusive Development* supports the experimentation of technology and science based innovations for tackling poverty. It focuses on mature technologies that do not yet have widespread applications but are seen as having the potential to achieve government's broad development objectives. In 2012/13, 23 learning interventions were generated, including seminars, briefs and papers. By the end of November 2013, the knowledge product for government planning and service delivery improvement through innovation in water had been identified. This subprogramme had a staff complement of 15 in 2013/14.
- *Science and Technology Investment* leads and supports the development of science and technology indicators; monitors the performance of national science and technology expenditure and planning; and leads

the implementation of section 11D of the Income Tax Act (1962). This entails conducting an annual research and development survey, measuring innovation; developing science and technology indicators; developing databases and information systems, such as the research information management system and national science and technology expenditure tables; and implementing section 11D of the Income Tax Act (1962) to promote private sector research and development investment. 5 policy briefings or reports had been finalised by the end of March 2013/14. One such report was the 2011/12 report on performance of research and development tax incentives. This subprogramme had a staff complement of 17 in 2013/14.

- *Technology Localisation, Beneficiation and Advanced Manufacturing* advances strategic medium and long term sustainable economic growth and sector development priorities and government service delivery through investing in the long term knowledge generation capabilities of the national system of innovation in targeted innovation areas and undertaking focused efforts that exploit knowledge capabilities for economic benefit. In 2012/13, the technology localisation programme provided 50 technology assistance packages; 227 masters and doctoral students were supported in the niche areas of advanced manufacturing, chemicals, advanced metals, mining and ICT; 16 patents, prototypes, technology demonstrators and technology transfer packages were added to the intellectual property portfolio; and 1 769 small and medium enterprises (SME) and potential entrepreneurs received technology support through the technology stations programme and institutes for advanced tooling. By the end of November 2013, 132 interns and 226 masters and PhD students were being funded or co-funded. This subprogramme had a staff complement of 14 in 2013/14.

## Expenditure estimates

**Table 34.15 Socio-Economic Innovation Partnerships**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 -	2013/14	2014/15	2015/16	2016/17	2013/14 -	2016/17
Sector Innovation and Green Economy	703.6	713.3	769.7	813.6	5.0%	60.1%	856.4	859.4	903.6	3.6%	51.2%
Innovation for Inclusive Development	254.1	287.5	316.0	332.3	9.4%	23.8%	353.9	370.4	372.0	3.8%	21.3%
Science and Technology Investment	32.4	30.9	32.0	24.6	-8.8%	2.4%	28.3	29.5	29.7	6.4%	1.7%
Technology Localisation, Beneficiation and Advanced Manufacturing	110.2	127.3	127.7	315.8	42.0%	13.6%	325.5	542.0	545.3	20.0%	25.8%
<b>Total</b>	<b>1 100.4</b>	<b>1 159.1</b>	<b>1 245.4</b>	<b>1 486.4</b>	<b>10.5%</b>	<b>100.0%</b>	<b>1 564.1</b>	<b>1 801.3</b>	<b>1 850.6</b>	<b>7.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(191.2)			(300.5)	(249.6)	(210.5)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>27.0</b>	<b>30.7</b>	<b>32.4</b>	<b>40.9</b>	<b>14.9%</b>	<b>2.6%</b>	<b>43.5</b>	<b>45.2</b>	<b>47.5</b>	<b>5.2%</b>	<b>2.6%</b>
Compensation of employees	18.6	21.3	25.2	31.9	19.8%	1.9%	33.9	35.4	37.4	5.4%	2.1%
Goods and services	8.4	9.4	7.1	8.9	2.3%	0.7%	9.6	9.8	10.1	4.1%	0.6%
<i>of which:</i>											
<i>Consultants and professional services:</i>	0.7	0.2	-	3.9	75.6%	0.1%	4.1	4.1	4.0	1.4%	0.2%
<i>Business and advisory services</i>											
<i>Agency and support / outsourced services</i>	2.5	4.5	2.6	0.1	-71.0%	0.2%	0.2	0.2	0.2	45.3%	-
<i>Travel and subsistence</i>	2.3	2.1	2.7	2.4	1.1%	0.2%	2.7	2.7	3.1	9.6%	0.2%
<i>Venues and facilities</i>	0.3	0.4	0.1	0.3	6.3%	-	0.8	0.8	0.8	34.0%	-
<b>Transfers and subsidies</b>	<b>1 073.1</b>	<b>1 127.5</b>	<b>1 212.5</b>	<b>1 445.5</b>	<b>10.4%</b>	<b>97.3%</b>	<b>1 520.7</b>	<b>1 756.1</b>	<b>1 803.1</b>	<b>7.6%</b>	<b>97.4%</b>
Departmental agencies and accounts	278.6	305.3	292.1	513.3	22.6%	27.8%	546.1	772.7	774.6	14.7%	38.9%
Higher education institutions	7.2	12.2	4.6	-	-100.0%	0.5%	-	-	-	-	-
Public corporations and private enterprises	779.9	802.8	909.3	932.3	6.1%	68.6%	974.5	983.4	1 028.6	3.3%	58.5%
Non-profit institutions	7.0	7.1	6.4	-	-100.0%	0.4%	-	-	-	-	-
Households	0.3	0.1	0.0	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.6</b>	<b>0.5</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Machinery and equipment	0.3	0.6	0.5	-	-100.0%	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 100.4</b>	<b>1 159.1</b>	<b>1 245.4</b>	<b>1 486.4</b>	<b>10.5%</b>	<b>100.0%</b>	<b>1 564.1</b>	<b>1 801.3</b>	<b>1 850.6</b>	<b>7.6%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>27.2%</b>	<b>26.3%</b>	<b>25.0%</b>	<b>24.0%</b>			<b>24.2%</b>	<b>23.8%</b>	<b>24.2%</b>		

**Table 34.15 Socio-Economic Innovation Partnerships**

Details of selected transfers and subsidies				Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome			2013/14				2010/11 - 2013/14				
R million	2010/11	2011/12		2012/13	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>278.6</b>	<b>305.3</b>	<b>292.1</b>	<b>513.3</b>	<b>22.6%</b>	<b>27.8%</b>	<b>546.1</b>	<b>772.7</b>	<b>774.6</b>	<b>14.7%</b>	<b>38.9%</b>
Advanced manufacturing technology strategy	23.2	25.5	-	-	-100.0%	1.0%	-	-	-	-	-
Human Sciences Research Council	224.9	238.6	247.8	258.9	4.8%	19.4%	276.0	288.7	290.1	3.9%	16.6%
Information Communication Technology	1.0	-	-	-	-100.0%	-	-	-	-	-	-
Local manufacturing capacity	6.1	8.2	7.0	101.9	156.4%	2.5%	113.3	224.3	225.5	30.3%	9.9%
Local systems of innovation	-	-	-	108.0	-	2.2%	107.6	208.0	209.0	24.6%	9.4%
Quality of life nuclear technologies	0.7	0.7	-	-	-100.0%	-	-	-	-	-	-
Resource based industries	0.5	-	-	-	-100.0%	-	-	-	-	-	-
Research information management system	13.9	10.6	14.0	4.5	-31.2%	0.9%	6.9	7.2	7.2	16.8%	0.4%
Science and technology indicators	7.9	8.5	9.0	9.5	6.3%	0.7%	10.1	10.5	10.6	3.7%	0.6%
Technology for poverty alleviation	0.6	2.2	4.2	30.4	271.1%	0.7%	32.4	34.0	32.1	1.8%	1.9%
Technology for sustainable livelihoods	-	11.1	10.0	-	-	0.4%	-	-	-	-	-
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Public corporations - subsidies on products and production</b>											
<b>Current</b>	<b>685.8</b>	<b>687.2</b>	<b>742.8</b>	<b>782.0</b>	<b>4.5%</b>	<b>58.1%</b>	<b>825.7</b>	<b>827.7</b>	<b>872.0</b>	<b>3.7%</b>	<b>49.3%</b>
Council for Scientific and Industrial Research	685.8	687.2	742.8	782.0	4.5%	58.1%	825.7	827.7	872.0	3.7%	49.3%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>94.1</b>	<b>104.5</b>	<b>166.6</b>	<b>150.3</b>	<b>16.9%</b>	<b>10.3%</b>	<b>148.8</b>	<b>155.7</b>	<b>156.5</b>	<b>1.4%</b>	<b>9.1%</b>
Advanced manufacturing technology strategy	22.2	12.3	42.4	42.5	24.2%	2.4%	48.3	50.5	50.8	6.1%	2.9%
Information Communication Technology	11.2	18.4	17.3	21.2	23.6%	1.4%	19.3	20.1	20.2	-1.5%	1.2%
Local manufacturing capacity	0.9	14.4	13.9	10.0	122.6%	0.8%	-	-	-	-100.0%	0.1%
Local systems of innovation	0.7	-	-	-	-100.0%	-	-	-	-	-	-
Resource based industries	35.9	37.0	44.1	41.0	4.5%	3.2%	43.5	45.5	45.7	3.7%	2.6%
Technology for poverty alleviation	9.5	16.1	23.4	-	-100.0%	1.0%	-	-	-	-	-
Technology for sustainable livelihoods	13.7	6.4	25.6	35.5	37.5%	1.6%	37.8	39.6	39.8	3.9%	2.3%

## Personnel information

**Table 34.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
<b>Socio-Economic Innovation Partnerships</b>																			
Salary level	58	-	55	25.2	0.5	58	31.9	0.6	58	33.9	0.6	58	35.4	0.6	58	37.4	0.6	-	100.0%
1 - 6	7	-	5	0.8	0.2	7	1.5	0.2	7	1.6	0.2	7	1.7	0.2	7	1.8	0.3	-	12.1%
7 - 10	10	-	12	1.8	0.1	10	3.4	0.3	10	3.6	0.4	10	3.7	0.4	10	4.0	0.4	-	17.2%
11 - 12	24	-	22	11.2	0.5	24	12.8	0.5	24	13.6	0.6	24	14.2	0.6	24	15.0	0.6	-	41.4%
13 - 16	17	-	16	11.5	0.7	17	14.2	0.8	17	15.1	0.9	17	15.8	0.9	17	16.7	1.0	-	29.3%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing support for research and development led growth of strategic sectors of the economy to support a transition to a green economy. This is done mainly through the *Sector Innovation and Green Economy* subprogramme. Spending is expected to facilitate the implementation of high impact science and technology interventions; identify and initiate science and technology programmes that support the growth of the environmental technologies and services sector in South Africa; and facilitate policy and strategy development on research and development interventions that support the growth of the ICT sector. Investment in the environmental sector is crucial to attaining a competitive

advantage in nascent industries. The potential to develop domestic industry and grow export earnings is significant.

Over the medium term, expenditure is expected to increase due to the expansion of the activities in the *Technology Localisation Beneficiation and Advanced Manufacturing* subprogramme, which is funded through the economic competitiveness support package.

As part of an active strategy to maximise the involvement of the private sector, expenditure increased significantly between 2010/11 and 2013/14, with additional allocations of R59 million in 2012/13, and R260 million in 2013/14 from the economic competitiveness support package for industrial partnerships to plan for ICT industry innovation partnerships to strengthen support for SMMEs. Transfers to industrial partnerships are set to decrease by R100 million in 2014/15 and transfers to the Council for Scientific and Industrial Research are also set to decrease by R40 million in 2015/16 due to Cabinet approved reductions as a result of slow spending. These budget reductions are not expected to impact negatively on service delivery because of departmental realignment. The programme had a funded and filled establishment of 58 posts at the end of November 2013.

## Public entities and other agencies

### Council for Scientific and Industrial Research

#### Mandate and goals

The Council for Scientific and Industrial Research was established in terms of the Scientific Research Council Act (1988) and is mandated to foster industrial and scientific development in the national interest through multidisciplinary research and technological innovation.

The council's strategic goals over the medium term are to:

- build a track record of the demonstrable impact in research and development through an established programme of relevant research and development in impact areas and flagship programmes
- build and transform human capital to ensure adequate capacity, and contribute to the national skills base
- strengthen the science, engineering and technology base and perform relevant research and development
- transfer technology to entrepreneurs, the private sector and public sector stakeholders, and build skilled human capital
- enhance financial sustainability and ensure good corporate governance and corporate citizenship.

#### Selected performance indicators

**Table 34.17 Council for Scientific and Industrial Research**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage of science engineering and technology staff who are black per year	Built environment	Outcome 5: A skilled and capable workforce to support an inclusive growth path	52.6% (1 560)	54.4% (1 537)	48% (1 540)	49% (1 557)	50% (1 575)	50.2% (1 620)	55% (1 645)
Total number of staff with doctorates	Meraka Institute		299	293	301	310	328	340	355
Number of publication equivalents per year	Centres and implementation units		576	530	503	555	575	595	620
Number of new technology demonstrator equivalents per year	Materials science and manufacturing	Outcome 4: Decent employment through inclusive economic growth	37	37	33	28	29	31	32
Private sector and international income per year	Meraka Institute		R328m	R320m	R365m	R401m	R428m	R456m	R485m
Number of new patents granted per year	Materials science and manufacturing		14	34	35	16	17	18	19

## Programmes/activities/objectives

Table 34.18 Council for Scientific and Industrial Research

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Administration	258.0	245.5	259.4	289.0	3.9%	13.3%	305.9	327.8	349.6	6.5%	12.5%
Biosciences	127.9	136.3	121.2	139.6	2.9%	6.6%	146.0	156.3	166.7	6.1%	6.0%
Built environment	136.0	138.0	164.8	188.4	11.5%	7.8%	197.6	211.6	225.7	6.2%	8.1%
Centres and implementation units	418.7	426.0	442.4	514.7	7.1%	22.7%	536.5	574.5	612.9	6.0%	22.0%
Defence, peace, safety and security	347.5	376.3	420.2	482.4	11.6%	20.4%	505.2	541.1	577.4	6.2%	20.7%
Materials science and manufacturing	169.1	170.1	218.0	252.5	14.3%	10.1%	263.6	282.3	301.1	6.0%	10.8%
Meraka Institute	158.9	209.3	219.3	252.6	16.7%	10.5%	264.3	283.1	302.1	6.2%	10.8%
Natural resources and the environment	144.7	154.6	181.3	209.3	13.1%	8.6%	218.8	234.3	250.0	6.1%	9.0%
<b>Total expense</b>	<b>1 760.9</b>	<b>1 856.2</b>	<b>2 026.6</b>	<b>2 328.6</b>	<b>9.8%</b>	<b>100.0%</b>	<b>2 437.9</b>	<b>2 611.0</b>	<b>2 785.6</b>	<b>6.2%</b>	<b>100.0%</b>

## Expenditure estimates

Table 34.19 Council for Scientific and Industrial Research

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>1 259.4</b>	<b>1 364.9</b>	<b>1 485.3</b>	<b>1 535.3</b>	6.8%	69.3%	<b>1 662.8</b>	<b>1 798.9</b>	<b>1 930.5</b>	7.9%	66.7%
Sale of goods and services other than capital assets	1 195.8	1 280.3	1 408.8	1 479.9	7.4%	65.8%	1 625.8	1 761.6	1 892.1	8.5%	65.1%
<i>of which:</i>											
<i>Sales by market establishment</i>	<i>1 195.8</i>	<i>1 280.3</i>	<i>1 408.8</i>	<i>1 479.9</i>	<i>7.4%</i>	<i>65.8%</i>	<i>1 625.8</i>	<i>1 761.6</i>	<i>1 892.1</i>	<i>8.5%</i>	<i>65.1%</i>
Other non-tax revenue	63.6	84.7	76.5	55.3	-4.5%	3.5%	37.0	37.3	38.3	-11.5%	1.6%
<b>Transfers received</b>	<b>535.4</b>	<b>556.8</b>	<b>594.5</b>	<b>839.0</b>	<b>16.2%</b>	<b>30.7%</b>	<b>825.7</b>	<b>867.7</b>	<b>913.7</b>	<b>2.9%</b>	<b>33.3%</b>
<b>Total revenue</b>	<b>1 794.7</b>	<b>1 921.8</b>	<b>2 079.8</b>	<b>2 374.3</b>	<b>9.8%</b>	<b>100.0%</b>	<b>2 488.5</b>	<b>2 666.6</b>	<b>2 844.2</b>	<b>6.2%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>1 760.9</b>	<b>1 856.2</b>	<b>2 026.6</b>	<b>2 328.6</b>	<b>9.8%</b>	<b>100.0%</b>	<b>2 437.9</b>	<b>2 611.0</b>	<b>2 785.6</b>	<b>6.2%</b>	<b>100.0%</b>
Compensation of employees	946.5	1 015.7	1 110.2	1 199.3	8.2%	53.7%	1 284.2	1 378.9	1 472.7	7.1%	52.5%
Goods and services	768.2	794.2	866.7	1 077.1	11.9%	43.9%	1 099.4	1 175.6	1 254.1	5.2%	45.4%
Depreciation	42.1	41.9	44.9	52.2	7.5%	2.3%	54.3	56.5	58.7	4.0%	2.2%
Interest, dividends and rent on land	4.1	4.4	4.7	-	-100.0%	0.2%	-	-	-	-	-
<b>Total expenses</b>	<b>1 760.9</b>	<b>1 856.2</b>	<b>2 026.6</b>	<b>2 328.6</b>	<b>9.8%</b>	<b>100.0%</b>	<b>2 437.9</b>	<b>2 611.0</b>	<b>2 785.6</b>	<b>6.2%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>34.0</b>	<b>66.0</b>	<b>53.0</b>	<b>46.0</b>	<b>10.6%</b>		<b>51.0</b>	<b>56.0</b>	<b>59.0</b>	<b>8.7%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	392.5	429.0	482.0	501.5	8.5%	26.7%	532.6	564.9	600.8	6.2%	33.8%
<i>of which:</i>											
<i>Acquisition of assets</i>	<i>91.3</i>	<i>101.1</i>	<i>99.5</i>	<i>71.7</i>	<i>-7.7%</i>	<i>5.3%</i>	<i>85.4</i>	<i>88.7</i>	<i>94.6</i>	<i>9.7%</i>	<i>5.2%</i>
Investments	1.4	5.4	6.9	5.4	55.9%	0.3%	5.4	5.4	5.4	-	0.3%
Inventory	89.5	67.5	112.2	79.4	-3.9%	5.1%	94.6	103.6	113.9	12.8%	6.0%
Receivables and prepayments	118.5	179.3	303.2	195.8	18.2%	11.6%	207.6	223.0	237.8	6.7%	13.3%
Cash and cash equivalents	1 009.4	969.1	1 001.9	760.4	-9.0%	54.9%	756.5	753.9	751.0	-0.4%	46.6%
Non-current assets held for sale	94.9	-	-	-	-100.0%	1.4%	-	-	-	-	-
Taxation	0.4	-	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Total assets</b>	<b>1 706.7</b>	<b>1 650.2</b>	<b>1 906.2</b>	<b>1 542.5</b>	<b>-3.3%</b>	<b>100.0%</b>	<b>1 596.7</b>	<b>1 650.8</b>	<b>1 708.8</b>	<b>3.5%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	540.3	580.2	633.4	679.1	7.9%	36.0%	729.7	785.2	843.8	7.5%	46.7%
Capital and reserves	0.8	-	-	-	-100.0%	0.0%	-	-	-	-	-
Deferred income	57.4	49.6	57.0	-	-100.0%	2.3%	-	-	-	-	-
Trade and other payables	1 097.8	1 012.1	1 205.5	854.1	-8.0%	61.1%	857.0	855.0	854.0	-0.0%	52.7%
Provisions	10.5	8.3	10.3	9.2	-4.1%	0.6%	10.0	10.6	11.0	5.9%	0.6%
<b>Total equity and liabilities</b>	<b>1 706.7</b>	<b>1 650.2</b>	<b>1 906.2</b>	<b>1 542.5</b>	<b>-3.3%</b>	<b>100.0%</b>	<b>1 596.7</b>	<b>1 650.8</b>	<b>1 708.8</b>	<b>3.5%</b>	<b>100.0%</b>

## Personnel information

**Table 34.20 Council for Scientific and Industrial Research**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number			
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)		
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				
Salary level	2 491		2 491	2 414	1 110.2	0.5	2 491	1 199.3	0.5	2 504	1 284.2	0.5	2 539	1 378.9	0.5	2 553	1 472.7	0.6	7.1%	100.0%
1 – 6	264	264	264	28.9	0.1	264	31.3	0.1	264	33.5	0.1	264	36.0	0.1	264	38.4	0.1	7.1%	10.5%	
7 – 10	883	883	857	216.7	0.3	883	234.1	0.3	888	250.7	0.3	901	269.2	0.3	905	287.5	0.3	7.1%	35.5%	
11 – 12	813	813	777	386.2	0.5	813	417.1	0.5	817	446.7	0.5	836	479.6	0.6	844	512.2	0.6	7.1%	32.8%	
13 – 16	519	519	504	452.0	0.9	519	488.3	0.9	523	522.9	0.9	526	561.4	1.1	528	599.6	1.1	7.1%	20.8%	
17 – 22	12	12	12	26.3	2.2	12	28.5	2.4	12	30.5	2.5	12	32.7	2.7	12	35.0	2.9	7.1%	0.5%	

1. Rand million.

## Expenditure trends

The Council for Scientific and Industrial Research derives its revenue from budget and ring fenced grants from the Department of Science and Technology, contract research and development income from local and international public and private sectors, and income from intellectual property and technology transfer efforts. Contract income is projected to increase over the medium term through additional research and development work. Due to Cabinet approved reductions brought about by slow spending, transfers to the council will decrease by R40 million in 2015/16. However, these reductions are not expected to impact on service delivery.

The spending focus over the medium term will be on strengthening the council's science, engineering, and technology base, building and transforming human capital, performing relevant research and development, and transferring skills and technology. R800.4 million has been invested in scientific equipment and infrastructure since 2008/09, and this is set to continue, albeit at marginally decreased levels because of the Cabinet approved reductions.

With its mandate to strengthen the science, engineering and technology base and perform relevant research and development, the council's work is labour intensive. Expenditure on compensation of employees therefore constitutes 52.5 per cent of the total budget allocation over the medium term, with expenditure on goods and services making up 45.4 per cent of the total. The council had a funded and filled establishment of 2 491 posts at the end of November 2013 and this is expected to grow to 2 553 over the medium term as candidates with specialised science, engineering and technology skills are recruited. Expenditure on consultants is dependent on the nature of research contracts secured and whether or not particular scientific or engineering skills are present within the organisation.

In 2013/14, the council introduced flagships as a vehicle for implementing its growth and impact strategy. Flagships are large scale, impact driven, complementary projects in the development and implementation stages, and are directed at the needs of a particular stakeholder who has invested R75 million in the projects.

## National Research Foundation

### Mandate and goals

The National Research Foundation was established in terms of the National Research Foundation Act (1998), which mandates the foundation to promote and support research in all fields of humanities, the social and natural sciences, engineering and technology, and indigenous knowledge. The foundation provides research funding and platforms through national facilities and science engagement activities. It also performs an agency function on behalf of the Department of Science and Technology, and is a service provider to several other government departments in matters related to research.

The foundation's strategic goals over the medium term are to:

- promote internationally competitive research as the basis for a knowledge economy

- grow a representative science and technology workforce in South Africa
- provide cutting edge research, technology and innovation platforms
- operate world class evaluation and funding systems
- contribute to a vibrant national innovation system.

## Selected performance indicators

**Table 34.21 National Research Foundation**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage of South African global international science index outputs per year	Research and innovation support and advancement	Outcome 5: A skilled and capable workforce to support an inclusive growth path	52% (9 228)	57% (10 918)	58% (12 553)	59% (12 000)	60% (12 500)	65% (13 000)	67% (13 200)
Total number of international science index outputs in publications published by the foundation's funded researchers	Research and innovation support and advancement		3 935	4 777	5 188	5 500	5 700	6 000	6 200
Number of doctoral graduations per million of the population per year	Science engagement and corporate relations	Outcome 1: Improved quality of basic education	21 286	27 608	33 356	32 185	33 863	33 313	34 421
Number of grant and rating applications processed through NRF Online per year	Research and innovation support and advancement	Outcome 5: A skilled and capable workforce to support an inclusive growth path	220	233	210	217	228	241	267
Number of rated researchers funded by the National Research Foundation per year	Research and innovation support and advancement	Outcome 5: A skilled and capable workforce to support an inclusive growth path	523	494	523	596	626	640	685
Number of postgraduate students supported per year	National research facilities: Nuclear, biodiversity, conservation and environment		8 626	7 668	8 839	11 208	11 440	11 580	11 600
Number of learners reached through science advancement activities per year	National research facilities: Nuclear, biodiversity, conservation and environment	Outcome 1: Improved quality of basic education	284 137	269 092	659 635	641 777	664 247	673 197	680 000
Number of educators reached through science advancement per year	National research facilities: Nuclear, biodiversity, conservation and environment		179 829	188 679	42 973	18 185	19 863	21 313	22 000
Number of international science index publications emanating from the facilities <sup>1</sup> per year	National research facilities: Nuclear, biodiversity, conservation and environment	Outcome 5: A skilled and capable workforce to support an inclusive growth path	220	233	271	240	250	260	270
Number of postgraduate students making use of facilities <sup>1</sup> for training per year	National research facilities: Nuclear, biodiversity, conservation and environment		523	494	491	555	565	570	575

1. Refers to the National Research Foundation's facilities.

## Programmes/activities/objectives

Table 34.22 National Research Foundation

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%)		Medium-term expenditure			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2014/15	2015/16	2016/17			
Administration	43.4	78.5	56.8	77.1	21.1%	2.9%	79.5	83.1	88.3	4.6%	2.6%
Science engagement and corporate relations	58.5	64.2	106.8	156.1	38.7%	4.3%	153.6	157.1	126.8	-6.7%	4.8%
Research and innovation support and advancement	1 271.0	1 173.4	1 211.9	1 930.8	15.0%	63.2%	2 011.9	2 042.5	2 107.2	3.0%	65.3%
National research facilities: Nuclear, biodiversity, conservation and environment	330.3	331.8	316.4	371.2	4.0%	15.7%	371.4	379.0	398.2	2.4%	12.3%
National research facilities: Astronomy	246.5	319.8	271.7	385.7	16.1%	14.0%	468.0	501.5	509.7	9.7%	15.0%
<b>Total expense</b>	<b>1 949.6</b>	<b>1 967.8</b>	<b>1 963.6</b>	<b>2 920.9</b>	<b>14.4%</b>	<b>100.0%</b>	<b>3 084.5</b>	<b>3 163.2</b>	<b>3 230.2</b>	<b>3.4%</b>	<b>100.0%</b>

## Expenditure estimates

Table 34.23 National Research Foundation

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%)		Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2014/15	2015/16	2016/17			
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>1 269.7</b>	<b>1 085.9</b>	<b>1 236.8</b>	<b>2 033.0</b>	<b>17.0%</b>	<b>58.5%</b>	<b>1 604.1</b>	<b>1 258.1</b>	<b>1 247.9</b>	<b>-15.0%</b>	<b>47.6%</b>
Sale of goods and services other than capital assets	917.0	929.7	1 188.8	1 810.8	25.5%	50.1%	1 523.6	1 153.6	1 170.7	-13.5%	43.9%
<i>of which:</i>											
<i>Sales by market establishment</i>	39.5	37.8	48.5	51.2	9.0%	1.9%	53.3	54.8	56.0	3.0%	1.7%
<i>Other sales</i>	877.5	891.9	1 140.3	1 759.6	26.1%	48.2%	1 470.3	1 098.8	1 114.7	-14.1%	42.2%
Other non-tax revenue	352.7	156.2	48.0	222.2	-14.3%	8.5%	80.5	104.5	77.1	-29.7%	3.7%
<b>Transfers received</b>	<b>769.5</b>	<b>895.7</b>	<b>918.3</b>	<b>1 370.6</b>	<b>21.2%</b>	<b>41.5%</b>	<b>1 565.4</b>	<b>1 856.1</b>	<b>1 905.2</b>	<b>11.6%</b>	<b>52.4%</b>
<b>Total revenue</b>	<b>2 039.2</b>	<b>1 981.6</b>	<b>2 155.1</b>	<b>3 403.6</b>	<b>18.6%</b>	<b>100.0%</b>	<b>3 169.5</b>	<b>3 114.2</b>	<b>3 153.1</b>	<b>-2.5%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>739.5</b>	<b>801.0</b>	<b>838.2</b>	<b>1 058.5</b>	<b>12.7%</b>	<b>39.4%</b>	<b>1 131.6</b>	<b>1 197.0</b>	<b>1 227.5</b>	<b>5.1%</b>	<b>37.2%</b>
Compensation of employees	388.7	405.0	439.8	533.4	11.1%	20.3%	612.6	651.5	694.0	9.2%	20.1%
Goods and services	311.6	355.8	354.6	472.7	14.9%	17.1%	460.7	484.6	470.1	-0.2%	15.2%
Depreciation	38.7	40.0	43.5	52.5	10.6%	2.0%	58.2	60.8	63.4	6.5%	1.9%
Interest, dividends and rent on land	0.5	0.3	0.3	0.1	-50.5%	0.0%	0.0	0.0	0.0	-18.9%	0.0%
<b>Transfers and subsidies</b>	<b>1 210.1</b>	<b>1 166.7</b>	<b>1 125.4</b>	<b>1 862.4</b>	<b>15.5%</b>	<b>60.6%</b>	<b>1 952.9</b>	<b>1 966.3</b>	<b>2 002.7</b>	<b>2.5%</b>	<b>62.8%</b>
<b>Total expenses</b>	<b>1 949.6</b>	<b>1 967.8</b>	<b>1 963.6</b>	<b>2 920.9</b>	<b>14.4%</b>	<b>100.0%</b>	<b>3 084.5</b>	<b>3 163.2</b>	<b>3 230.2</b>	<b>3.4%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>90.0</b>	<b>14.0</b>	<b>191.0</b>	<b>483.0</b>	<b>75.1%</b>		<b>85.0</b>	<b>(49.0)</b>	<b>(77.0)</b>	<b>-154.2%</b>	
Carrying value of assets	507.4	557.2	749.5	1 220.1	34.0%	35.8%	1 641.9	1 944.9	2 237.8	22.4%	59.2%
<i>of which:</i>											
<i>Acquisition of assets</i>	119.0	112.9	239.6	523.0	63.8%	11.2%	480.0	363.8	356.3	-12.0%	15.1%
Investments	38.2	35.1	32.7	32.7	-5.1%	1.7%	32.7	32.7	32.7	-	1.1%
Inventory	3.7	3.4	5.3	5.8	16.3%	0.2%	6.0	6.5	6.5	3.9%	0.2%
Receivables and prepayments	540.3	720.3	807.3	710.5	9.6%	34.2%	704.5	700.8	696.4	-0.7%	24.2%
Cash and cash equivalents	795.4	360.1	605.8	522.8	-13.1%	28.0%	473.4	398.4	352.4	-12.3%	15.3%
Defined benefit plan assets	-	0.2	-	-	-	0.0%	-	-	-	-	-
<b>Total assets</b>	<b>1 885.0</b>	<b>1 676.2</b>	<b>2 200.5</b>	<b>2 491.8</b>	<b>9.8%</b>	<b>100.0%</b>	<b>2 858.5</b>	<b>3 083.3</b>	<b>3 325.7</b>	<b>10.1%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	64.5	0.2	(8.1)	4.1	-60.3%	0.8%	2.5	1.1	0.3	-59.1%	0.1%
Capital and reserves	38.2	44.9	52.4	52.4	11.1%	2.3%	52.4	52.4	52.4	-	1.8%
Capital reserve fund	506.3	556.1	748.4	1 219.0	34.0%	35.7%	1 640.8	1 943.8	2 236.7	22.4%	59.2%
Finance lease	1.6	1.7	1.8	1.7	1.9%	0.1%	1.3	1.2	1.1	-15.1%	0.0%
Deferred income	1 096.0	1 001.7	1 328.5	1 136.6	1.2%	56.0%	1 084.8	1 008.8	960.5	-5.5%	36.3%
Trade and other payables	68.2	71.6	74.9	78.1	4.6%	3.6%	76.8	76.0	74.9	-1.4%	2.6%
Provisions	110.2	-	2.7	-	-100.0%	1.5%	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>1 885.0</b>	<b>1 676.2</b>	<b>2 200.5</b>	<b>2 491.8</b>	<b>9.8%</b>	<b>100.0%</b>	<b>2 858.5</b>	<b>3 083.3</b>	<b>3 325.7</b>	<b>10.1%</b>	<b>100.0%</b>
<b>Contingent liabilities</b>	<b>1 599 599.0</b>	<b>1 710 109.0</b>	<b>2 815 758.0</b>	<b>2 900 000.0</b>			<b>2 900 000.0</b>	<b>2 900 000.0</b>	<b>2 900 000.0</b>		

## Personnel information

Table 34.24 National Research Foundation

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
	1 461	1 461	1 236	439.8	0.4	1 270	533.4	0.4	1 270	612.6	0.5	1 270	651.5	0.5	1 270	694.0	0.5	9.2%	100.0%	
1 – 6	266	266	271	28.3	0.1	239	29.3	0.1	239	33.7	0.1	239	35.8	0.1	239	38.1	0.2	9.2%	18.8%	
7 – 10	594	594	490	123.9	0.3	483	148.8	0.3	483	170.9	0.4	483	181.7	0.4	483	193.6	0.4	9.2%	38.0%	
11 – 12	411	411	338	157.2	0.5	365	185.3	0.5	365	212.8	0.6	365	226.3	0.6	365	241.1	0.7	9.2%	28.7%	
13 – 16	183	183	130	109.2	0.8	176	154.7	0.9	176	177.7	1.0	176	189.0	1.1	176	201.4	1.1	9.2%	13.9%	
17 – 22	7	7	7	21.1	3.0	7	15.3	2.2	7	17.5	2.5	7	18.6	2.7	7	19.9	2.8	9.2%	0.6%	

1. Rand million.

## Expenditure trends

The National Research Foundation receives approximately 45 per cent of its revenue from contract income and sales and interest, while 55 per cent is received in the form of government transfers over the medium term. The foundation's own revenue increased between 2010/11 and 2013/14, due to an increase in contract income. If one excludes the Square Kilometre Array funding, contract income will remain stable in 2014/15 as the figures are based on confirmed agreements only.

The spending focus over the medium term will be on increasing the number of postgraduate students and researchers in science, technology and innovation through the human capacity development excellence pipeline; and continuing modernisation of infrastructure, particularly high quality national facilities to attract international researchers. Additional funding of R300 million in 2014/15 and R540 million in 2015/16 is allocated for the Square Kilometre Array project as this was not included in the MTEF allocation before 2013/14 as designated income. Approximately 78 per cent of the foundation's total capital expenditure over the medium term will go towards the completion of the construction of the MeerKAT antennae, a major part of the current phase of the Square Kilometre Array project. Work on the MeerKAT entails designing, testing, constructing and commissioning 64 Gregorian dishes with the costs including appropriate systems, land and infrastructure, site operations and the telescope array. The installation of the dishes is expected to be completed by 2016/17.

Expenditure on compensation of employees increased at an average annual rate of 11.1 per cent between 2010/11 and 2013/14, primarily due to the expansion of directed initiatives and programmes, including the South African Research Chairs Initiative, which receives approximately R400 million per year through the *Research and Innovation Support and Advancement* programme; the advancement of the Square Kilometre Array project; and additional contract funding allocated by the Department of Science and Technology through a single agreement over three years for human capacity building. Other factors influencing increased expenditure included spending on urgent infrastructure needs such as MeerKAT dish installation and human capital development, national research equipment, and human capacity bursaries and assistance for needy students. Where appropriate, the Square Kilometre Array project makes use of the foundation's own specialist expertise. Appropriate additional services have been procured for the remainder of the project to ensure timeous delivery.

The foundation has a funded establishment of 1 461 posts, of which 191 were vacant at the end of November 2013 due to a scarcity of the requisite skills. Of these, 60 vacancies exist in the Square Kilometre Array due to newly created, mainly technical posts introduced for the ramp up of MeerKAT. The number of posts filled is expected to remain at 1 270 over the medium term. R359 million has been allocated over the medium term for spending on consultants who provide specialist services, mainly relating to the Square Kilometre Array project.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Academy of Science of South Africa** links South Africa with scientific communities at the highest levels in the Southern African Development Community region, the rest of Africa and internationally; promotes common ground in scientific thinking across all disciplines; encourages and promotes innovative and independent scientific thinking; promotes the development of intellectual capacity in all people; provides effective scientific evidence based advice; and facilitates appropriate action in the public interest. The academy's total budget for 2014/15 is R22.5 million.
- The **Human Sciences Research Council** undertakes, promotes and coordinates research in the human and social sciences. The council's total budget for 2014/15 is R464.7 million.
- The **South African National Space Agency** was established under the South African National Space Agency Act (2008) and came into existence in December 2010. The agency aims to be a key contributor to the South African earth observation strategy by providing space based data platforms in collaboration with other entities that focus on in situ observation measurements, like the South African earth observation network. The agency's total budget for 2014/15 is R345.4 million.
- The **Technology Innovation Agency** is a national public entity that draws its mandate from the Technology Innovation Agency Act (2008) and came into operation at the beginning of April 2010. The agency is an intervention to improve research and development from higher education institutions, science councils, public entities, private companies and commercialisation, thereby increasing technological innovation in the economy. The agency's total budget for 2014/15 is R440.7 million.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
R million										
Square Kilometre Array	Construction of telescopes	Construction	1 649.2	-	218.7	218.7	328.1	647.8	701.1	704.6
Space infrastructure	Satellite construction	Construction	290.8	51.4	-	360	450	400	37.5	37.7
Hydrogen strategy	Purchase of equipment	Various	440.7	48.4	51.9	54.5	57.2	60.8	63.6	63.9
National nanotechnology centres	Equipping centres	Various	310.0	38.3	42.4	44.5	46.8	39.8	41.2	40.9
Cyber Infrastructure	Broadband network connectivity and high performance computing	Various	833.2	98.8	104.7	129.9	101.9	204.0	213.5	214.5
<b>Total</b>			<b>3 523.8</b>	<b>236.9</b>	<b>417.7</b>	<b>483.7</b>	<b>579.1</b>	<b>992.4</b>	<b>1 056.7</b>	<b>1 061.6</b>

# Vote 35

## Tourism

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	221.8	216.4	–	5.4	234.3	248.0
Policy and Knowledge Services	925.2	44.3	880.0	0.9	1 026.1	1 079.7
International Tourism	51.9	45.1	5.9	0.9	54.4	57.5
Domestic Tourism	463.2	74.5	386.7	2.1	548.4	691.2
<b>Total expenditure estimates</b>	<b>1 662.1</b>	<b>380.3</b>	<b>1 272.6</b>	<b>9.3</b>	<b>1 863.2</b>	<b>2 076.4</b>
Executive authority	Minister of Tourism					
Accounting officer	Director General of Tourism					
Website address	www.tourism.gov.za					

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Promote and support the growth and development of an equitable, competitive and sustainable tourism sector, enhancing its contribution to national priorities.*

### Mandate

The mandate of the Department of Tourism, as outlined in the Tourism Act (1993), is to promote sustainable growth and development in the tourism sector. The 1996 White Paper on the Development and Promotion of Tourism in South Africa provides for the promotion of domestic and international tourism. Tourism is a national priority and has the potential to contribute significantly to economic development. The national tourism sector strategy provides a blueprint for the sector to meet the growth targets contained in the new growth path.

### Strategic goals

The department's strategic goals over the medium term are to:

- maximise domestic tourism and foreign tourist arrivals in South Africa
- expand domestic and foreign investment in the South African tourism industry
- expand tourist infrastructure
- improve the range and quality of tourist services
- improve the tourist experience and value for money
- improve research and knowledge management
- contribute to growth and development and expand the tourism share of GDP
- improve competitiveness and sustainability in the tourism sector
- strengthen collaboration with tourist organisations.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide strategic support and management services to the department.

### Programme 2: Policy and Knowledge Services

**Purpose:** Ensure strategic policy development, monitoring and evaluation, research and knowledge management services.

### Programme 3: International Tourism

**Purpose:** Develop and support South Africa's tourism potential worldwide.

### Programme 4: Domestic Tourism

**Purpose:** Promote the development and growth of sustainable domestic tourism.

## Selected performance indicators

**Table 35.1 Tourism**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of initiatives aimed at implementing local government support programmes per year	Policy and Knowledge Services	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	-1	1	1	1	1	1	1
Number of information and knowledge systems, services and frameworks developed, implemented and maintained per year			4	1	2	3	5	7	9
Number of initiatives facilitated to institutionalise tourism in South African missions abroad per year			-1	-1	1 <sup>2</sup>	2 <sup>2</sup>	2 <sup>2</sup>	3 <sup>2</sup>	4 <sup>2</sup>
Number of projects implemented, from the approved tourism development strategies action plan, for the development of integrated support packages for domestic tourism (such as access, amenities, attractions and accommodation) per year	International Tourism		-1	-1	4	1 <sup>3</sup>	3	3	3
Number of rural enterprises supported per year	Domestic Tourism	Outcome 4: Decent employment through inclusive economic growth	-1	-1	9	2	2	2	2
Number of historically disadvantaged enterprises supported per year			-1	500	1 664	969 <sup>4</sup>	489	- <sup>5</sup>	- <sup>5</sup>
Number of full time equivalent jobs supported through tourism enterprise partnerships per year			-1	3 150	4 145	2 494	1 263	- <sup>5</sup>	- <sup>5</sup>
Number of full time equivalent jobs created through the social responsibility implementation programme of the expanded public works programme per year			6 226	5 000	5 003	4 000	2 475	- <sup>5</sup>	- <sup>5</sup>
			5 716	4 531	5 645	5 173	5 625	5 575	5 757

1. The department did not identify targets, so there is no historical data.

2. Number of national tourism information gateways.

3. The department has supported 126 foreign missions during the mid-term review conducted by the Department of International Relations and Cooperation which was conducted in various regions of the world.

4. The decrease is due to departmental budget reductions.

5. The department has no planned targets for these indicators.

## The national development plan

The national development plan recognises tourism as one of the main drivers of the country's economy and employment. The plan envisages the promotion of South Africa as a major tourist destination, with unique features, to boost tourist numbers and enable tourism to contribute to sustainable economic growth and poverty

reduction. The department supports these objectives and will implement ongoing strategies to set and maintain high standards and encourage growth in the sector.

In line with the national development plan's vision of creating an additional 11 million jobs and increasing GDP by an annual 5.4 per cent by 2030, the department's national tourism sector strategy commits the tourism sector to creating a total of 225 000 additional jobs by 2020, and also to increasing tourism's total direct and indirect contribution to the economy to R499 billion by 2020. In relation to the national development plan's focus on small, medium and micro enterprises (SMME) development, over the medium term the department will support the growth of 3 211 enterprises. These will include rural enterprises, historically disadvantaged enterprises; enterprises that require market access and enterprises that need mentorship and training to grow. The department will further create 19 250 full time equivalent jobs over the MTEF period. 2 475 of these employed individuals will be supported through tourism enterprise partnerships and 16 775 jobs will be created through the labour intensive social responsibility implementation programme, which is implemented through the expanded public works programme.

Funds from the tourism incentive programme, transferred from the Department of Trade and Industry to the Department of Tourism, will be used to ensure that the national development plan targets are achieved.

## Expenditure estimates

Table 35.2 Tourism

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14	Average (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17
R million												
Administration	155.8	195.1	179.2	208.1	208.1	10.1%	14.0%	221.8	234.3	248.0	6.0%	12.8%
Policy and Knowledge Services	644.2	694.0	794.0	901.8	901.8	11.9%	57.4%	925.2	1 026.1	1 079.7	6.2%	55.2%
International Tourism	26.4	22.1	27.1	41.0	41.0	15.8%	2.2%	51.9	54.4	57.5	11.9%	2.9%
Domestic Tourism	317.1	339.1	371.6	369.6	369.6	5.2%	26.4%	463.2	548.4	691.2	23.2%	29.1%
<b>Total</b>	<b>1 143.5</b>	<b>1 250.2</b>	<b>1 372.0</b>	<b>1 520.6</b>	<b>1 520.6</b>	<b>10.0%</b>	<b>100.0%</b>	<b>1 662.1</b>	<b>1 863.2</b>	<b>2 076.4</b>	<b>10.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				20.0	20.0			(32.0)	(48.0)	61.0		
<b>Economic classification</b>												
<b>Current payments</b>	<b>213.9</b>	<b>263.0</b>	<b>287.2</b>	<b>360.7</b>	<b>360.7</b>	<b>19.0%</b>	<b>21.3%</b>	<b>380.3</b>	<b>404.7</b>	<b>426.2</b>	<b>5.7%</b>	<b>22.1%</b>
Compensation of employees	100.3	135.3	171.2	205.8	205.8	27.1%	11.6%	233.3	246.1	259.4	8.0%	13.3%
Goods and services	113.6	127.5	116.0	154.9	154.9	10.9%	9.7%	147.0	158.6	166.8	2.5%	8.8%
of which:												
Audit cost: External	1.6	4.0	3.8	4.9	4.9	45.8%	0.3%	6.1	11.3	11.7	33.8%	0.5%
Computer services	9.4	11.0	7.9	20.2	20.2	29.2%	0.9%	20.9	22.7	23.9	5.8%	1.2%
Operating leases	3.6	18.0	19.8	-	-	-100.0%	0.8%	26.5	27.1	28.6	-	1.2%
Travel and subsistence	30.0	30.5	32.6	40.5	40.5	10.5%	2.5%	37.8	38.4	40.4	0.0%	2.2%
Interest and rent on land	-	0.3	-	-	-	-	0.0%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>912.8</b>	<b>966.7</b>	<b>1 074.8</b>	<b>1 156.8</b>	<b>1 156.8</b>	<b>8.2%</b>	<b>77.8%</b>	<b>1 272.6</b>	<b>1 452.4</b>	<b>1 642.6</b>	<b>12.4%</b>	<b>77.6%</b>
Departmental agencies and accounts	631.7	668.6	759.0	862.6	862.6	10.9%	55.3%	881.9	980.0	1 031.4	6.1%	52.7%
Higher education institutions	-	1.9	2.5	3.1	3.1	-	0.1%	3.7	3.8	4.0	8.9%	0.2%
Foreign governments and international organisations	3.3	1.4	3.5	1.8	1.8	-17.6%	0.2%	5.9	6.0	6.3	51.2%	0.3%
Non-profit institutions	27.7	22.2	26.1	26.0	26.0	-2.0%	1.9%	24.0	14.0	16.1	-14.8%	1.1%
Households	250.2	272.6	283.8	263.2	263.2	1.7%	20.2%	357.0	448.6	584.8	30.5%	23.2%
<b>Payments for capital assets</b>	<b>16.8</b>	<b>20.5</b>	<b>9.9</b>	<b>3.1</b>	<b>3.1</b>	<b>-42.9%</b>	<b>1.0%</b>	<b>9.3</b>	<b>6.1</b>	<b>7.7</b>	<b>34.8%</b>	<b>0.4%</b>
Buildings and other fixed structures	-	-	3.1	-	-	-	0.1%	-	-	-	-	-
Machinery and equipment	16.8	19.6	6.6	3.1	3.1	-43.0%	0.9%	9.1	6.0	7.6	34.4%	0.4%
Software and other intangible assets	-	0.9	0.2	0.0	0.0	-	0.0%	0.1	0.1	0.1	88.4%	0.0%
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 143.5</b>	<b>1 250.2</b>	<b>1 372.0</b>	<b>1 520.6</b>	<b>1 520.6</b>	<b>10.0%</b>	<b>100.0%</b>	<b>1 662.1</b>	<b>1 863.2</b>	<b>2 076.4</b>	<b>10.9%</b>	<b>100.0%</b>

## Personnel information

**Table 35.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of Posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Tourism</b>		467	171.2	0.4	503	205.8	0.4	544	233.3	0.4	544	246.1	0.5	544	259.4	0.5	2.6%	100.0%	
Salary level	544	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1 – 6	116	-	118	18.6	0.2	111	22.3	0.2	117	26.7	0.2	119	28.2	0.2	119	29.7	0.2	2.3%	21.8%
7 – 10	237	-	185	55.3	0.3	210	67.4	0.3	229	75.4	0.3	227	79.5	0.4	227	83.8	0.4	2.6%	41.8%
11 – 12	123	-	102	47.7	0.5	114	60.7	0.5	129	68.6	0.5	129	72.4	0.6	129	76.3	0.6	4.2%	23.5%
13 – 16	68	-	62	49.5	0.8	68	55.4	0.8	67	58.9	0.9	67	62.1	0.9	67	65.5	1.0	-0.5%	12.6%
Other	-	-	-	-	-	-	-	-	2	3.7	1.8	2	3.9	1.9	2	4.1	2.0	-	0.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on increasing incoming tourism through transfers to South African Tourism in the *Policy and Knowledge Services* programme, and on funding the research and policy formulation strategy of the *Domestic Tourism* programme, which aims to encourage South Africans to travel within the borders of the country.

An increase in both domestic and international tourism numbers is expected to contribute to government's broader objective of growing GDP and creating jobs. To further this objective, at the beginning of April 2014 the department will introduce a new tourism incentive programme that aims to help SMMEs and established businesses to grow by improving their access to international buyers and markets. The incentive programme is allocated R99.6 million in 2014/15, R199.6 million in 2015/16 and R210.4 million in 2016/17. The need for increased capacity for this programme requires that the department expand its establishment from 467 in 2012/13 to 544 in 2016/17. 36 posts were vacant at the end of November 2013, mainly as a result of departmental restructuring. The department expects to fill these posts in 2014/15. Consultants are used mainly to support the department's IT unit.

The increase in allocation over the medium term will provide for the expected increase in the number of international tourist arrivals by air from 3.8 million to 4.1 million and create 16 775 full time equivalent jobs through the expanded public works programme. South African Tourism will receive additional Cabinet approved allocations of R100 million in 2015/16 and R105 million in 2016/17 for domestic marketing programmes through the economic competitiveness support package. This funding will end in 2016/17.

However, Cabinet approved reductions of R32 million in 2014/15, R48 million in 2015/16 and R9 million in 2016/17 have been made, of which R29 million in 2014/15 and R40 million in 2015/16 will be rescheduled to 2016/17 for use in the expanded public works programme. The rest of the total reduction amount is to be effected on the transfers to South African Tourism, the expanded public works programme, transfers and subsidies for SMMEs, and spending on non-essential goods and services items, such as catering, travel and subsistence, and consultants.

## Departmental receipts

Table 35.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	<b>1 521</b>	<b>1 893</b>	<b>1 479</b>	<b>4 068</b>	<b>3 790</b>	<b>35.6%</b>	<b>100.0%</b>	<b>1 687</b>	<b>1 769</b>	<b>1 862</b>	<b>-21.1%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>64</b>	<b>99</b>	<b>123</b>	<b>140</b>	<b>120</b>	<b>23.3%</b>	<b>4.7%</b>	<b>95</b>	<b>104</b>	<b>109</b>	<b>-3.2%</b>	<b>4.7%</b>
Sales by market establishments	34	59	69	70	60	20.8%	2.6%	54	59	62	1.1%	2.6%
of which:												
Rent collected from the letting of open and covered parking	34	59	69	70	60	20.8%	2.6%	54	59	62	1.1%	2.6%
Other sales	30	40	54	70	60	26.0%	2.1%	41	45	47	-7.8%	2.1%
of which:												
Commission received on deduction of insurance and other premiums from employee' salaries	30	40	54	70	60	26.0%	2.1%	41	45	47	-7.8%	2.1%
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which:												
Sale of waste paper	-	1	-	-	-	-	-	-	-	-	-	-
<b>Interest, dividends and rent on land</b>	<b>29</b>	<b>23</b>	<b>8</b>	<b>28</b>	<b>10</b>	<b>-29.9%</b>	<b>0.8%</b>	<b>30</b>	<b>35</b>	<b>37</b>	<b>54.7%</b>	<b>1.2%</b>
Interest	29	23	8	28	10	-29.9%	0.8%	30	35	37	54.7%	1.2%
<b>Sales of capital assets</b>	<b>-</b>	<b>66</b>	<b>11</b>	<b>600</b>	<b>560</b>	<b>-</b>	<b>7.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>6.1%</b>
Transactions in financial assets and liabilities	1 428	1 704	1 337	3 300	3 100	29.5%	87.2%	1 562	1 630	1 716	-17.9%	87.9%
<b>Total</b>	<b>1 521</b>	<b>1 893</b>	<b>1 479</b>	<b>4 068</b>	<b>3 790</b>	<b>35.6%</b>	<b>100.0%</b>	<b>1 687</b>	<b>1 769</b>	<b>1 862</b>	<b>-21.1%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 35.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Ministry	24.3	28.3	28.7	37.5	15.5%	16.1%	36.2	39.7	42.2	4.0%	17.1%
Management	8.7	9.4	16.2	17.4	26.0%	7.0%	17.8	18.6	19.6	4.1%	8.1%
Corporate Affairs	86.3	130.5	109.7	124.1	12.9%	61.1%	141.4	148.9	157.7	8.3%	62.7%
Office Accommodation	36.4	26.9	24.7	29.1	-7.2%	15.9%	26.4	27.1	28.5	-0.6%	12.2%
<b>Total</b>	<b>155.8</b>	<b>195.1</b>	<b>179.2</b>	<b>208.1</b>	<b>10.1%</b>	<b>100.0%</b>	<b>221.8</b>	<b>234.3</b>	<b>248.0</b>	<b>6.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				2.4			0.4	7.7	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>140.2</b>	<b>177.4</b>	<b>171.5</b>	<b>205.6</b>	<b>13.6%</b>	<b>94.1%</b>	<b>216.4</b>	<b>231.1</b>	<b>243.3</b>	<b>5.8%</b>	<b>98.3%</b>
Compensation of employees	58.9	78.5	89.9	100.9	19.7%	44.4%	114.6	120.9	127.5	8.1%	50.9%
Goods and services	81.4	98.7	81.6	104.8	8.8%	49.7%	101.8	110.2	115.9	3.4%	47.4%
of which:											
Audit cost: External	1.6	4.0	3.8	4.9	45.8%	1.9%	6.1	11.3	11.7	33.8%	3.7%
Computer services	8.8	10.2	6.8	17.2	25.2%	5.8%	19.4	21.2	22.3	9.0%	8.8%
Operating leases	3.3	17.8	19.8	-	-100.0%	5.5%	26.4	27.1	28.5	-	9.0%
Travel and subsistence	15.1	18.6	17.5	21.0	11.6%	9.8%	15.1	15.0	15.8	-9.0%	7.3%
Interest and rent on land	-	0.2	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>0.5</b>	<b>0.3</b>	<b>0.6</b>	<b>-</b>	<b>-100.0%</b>	<b>0.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Households	0.5	0.3	0.6	-	-100.0%	0.2%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>15.0</b>	<b>17.3</b>	<b>7.1</b>	<b>2.5</b>	<b>-45.2%</b>	<b>5.7%</b>	<b>5.4</b>	<b>3.2</b>	<b>4.7</b>	<b>23.7%</b>	<b>1.7%</b>
Buildings and other fixed structures	-	-	3.1	-	-	0.4%	-	-	-	-	-
Machinery and equipment	15.0	16.4	3.8	2.5	-45.3%	5.1%	5.3	3.2	4.6	23.6%	1.7%
Software and other intangible assets	-	0.9	0.1	0.0	-	0.1%	0.1	0.0	0.0	35.7%	-
<b>Payments for financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>155.8</b>	<b>195.1</b>	<b>179.2</b>	<b>208.1</b>	<b>10.1%</b>	<b>100.0%</b>	<b>221.8</b>	<b>234.3</b>	<b>248.0</b>	<b>6.0%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>13.6%</b>	<b>15.6%</b>	<b>13.1%</b>	<b>13.7%</b>			<b>13.3%</b>	<b>12.6%</b>	<b>11.9%</b>		

## Personnel information

Table 35.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost
Administration		291	266	89.9	0.3	291	100.9	0.3	291	114.6	0.4	291	120.9	0.4	291	127.5	0.4	-	100.0%
Salary level																			
1 – 6	90	-	97	15.2	0.2	90	17.0	0.2	93	21.1	0.2	93	22.3	0.2	93	23.5	0.3	1.1%	31.7%
7 – 10	124	-	102	31.6	0.3	124	35.3	0.3	114	37.6	0.3	114	39.7	0.3	114	41.8	0.4	-2.8%	40.0%
11 – 12	47	-	39	18.9	0.5	47	23.8	0.5	53	26.3	0.5	53	27.7	0.5	53	29.2	0.6	4.1%	17.7%
13 – 16	30	-	28	24.2	0.9	30	24.7	0.8	29	26.0	0.9	29	27.4	0.9	29	28.9	1.0	-1.1%	10.1%
Other	-	-	-	-	-	-	-	-	2	3.7	1.8	2	3.9	1.9	2	4.1	2.0	-	0.5%

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

2. Rand million.

## Expenditure trends

Expenditure in the *Administration* programme grew significantly between 2010/11 and 2013/14 and was the main contributor to the increase in total departmental expenditure over this period. This was due to the establishment of the Department of Tourism as a standalone department in 2010/11, and the subsequent need for new personnel, premises and fittings. This also accounted for the increase in expenditure on compensation of employees and goods and services over the period.

The spending focus over the medium term will be on enhancing management oversight to create and support an enabling policy and legislative environment. This is the main responsibility of the *Corporate Affairs* subprogramme, which accounts for 62.7 per cent of the total programme budget and is expected to grow at an average annual rate of 8.3 per cent over the medium term. Over the MTEF period, the key items of expenditure are advertising, audits, communications, computer services for data lines and servers, consultants for internal auditing, contractors for maintenance, office accommodation and domestic travel for support and reporting to Parliament and the tourism portfolio committee. Spending on these items is expected to increase to support service delivery.

Over the medium term, expenditure is expected to grow because of inflation related increases in the cost of office accommodation, computer services, domestic travel by tourism officials and external auditing. The inflation related upward trend in the cost of office accommodation is expected to be offset by the savings from the completion of refurbishments. The programme had achieved 90 per cent of its targets for 2013/14 as at the end of September 2013. For example, all tourist complaints were referred to appropriate authorities and the performance management and development system was implemented across the board. The increase in spending over the medium term will enable the programme to improve on achieving its outputs. The programme had a funded and filled establishment of 291 at the end of November 2013.

## Programme 2: Policy and Knowledge Services

### Objectives

- Develop, implement and update tourism policies, strategies, programmes and plans by:
  - conducting 3 tourist guiding awareness programmes annually
  - producing quarterly reports on the implementation of the agreements signed with tourism stakeholders annually.
- Assist in bringing together stakeholders to promote collaboration, alignment and integration in tourism initiatives and to give effect to the national tourism sector strategy by hosting 2 national tourism sector delivery forums in 2014/15.
- Promote responsible tourism best practice by:
  - implementing the national responsible tourism strategy in 2014/15

- reporting on the implementation of the national minimum standard for responsible tourism and on the plan for universal access to provincial parks in 2014/15.
- Monitor and evaluate tourism sector performance, strategies, policies and initiatives by publishing 3 annual state of tourism reports, 3 annual tourism airlift reports and 3 annual national tourism sector strategy implementation reports over the MTEF period.
- Provide research and knowledge management services to inform policy and decision making by:
  - developing and maintaining 9 information and knowledge systems and services, including visitor information knowledge centre database tools and tourist guide central databases, in 2014/15 and 2016/17
  - developing and maintaining 2 national tourism information gateway sites in 2014/15.

## Subprogrammes

- *Policy and Knowledge Services Management* provides strategic direction and comprehensive administrative and operational support services and research, information and knowledge management; manages policy development and evaluation; and promotes sector transformation and responsible tourism. This subprogramme had a staff complement of 6 at the end of November 2013.
- *Policy Development and Evaluation* manages the development of integrated policies, sector planning, intergovernmental coordination, and stakeholder relations; and promotes responsible tourism practices in the industry as well as its transformation. Key activities in 2012/13 included building local government capacity, facilitating intergovernmental cooperation and implementing the national tourism sector strategy. Outputs in 2013/14 included 2 broad based black economic empowerment (B-BBEE) charter council plan of action reports for tourism. This subprogramme had a staff complement of 23 at the end of November 2013.
- *Research and Knowledge Management* monitors and evaluates tourism policies and strategies and the projects carried out by the department; and facilitates research, information and knowledge management in the tourism sector. Key activities in 2012/13 included collaborative research with universities, piloting and branding visitor information gateways, developing forecasting models and conducting impact evaluation surveys. Key outputs and activities in 2013/14 included 3 research studies carried out in collaboration with universities; the development of 3 knowledge systems; and the maintenance of the 2 national tourism information gateways. This subprogramme had a staff complement of 33 at the end of November 2013.
- *South African Tourism* is discussed in more detail below.

## Expenditure estimates

**Table 35.7 Policy and Knowledge Services**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Policy and Knowledge Services Management	1.8	4.2	4.3	5.5	43.8%	0.5%	4.0	4.2	4.4	-6.8%	0.5%
Policy Development and Evaluation	5.1	9.6	17.1	20.8	60.0%	1.7%	21.5	22.6	23.8	4.5%	2.3%
Research and Knowledge Management	5.6	11.6	17.7	19.2	50.5%	1.8%	23.3	25.3	26.7	11.5%	2.4%
South African Tourism	631.7	668.6	754.9	856.3	10.7%	96.0%	876.3	974.0	1 024.8	6.2%	94.9%
<b>Total</b>	<b>644.2</b>	<b>694.0</b>	<b>794.0</b>	<b>901.8</b>	<b>11.9%</b>	<b>100.0%</b>	<b>925.2</b>	<b>1 026.1</b>	<b>1 079.7</b>	<b>6.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				26.4			0.8	95.5	-		
<b>Economic classification</b>											
<b>Current payments</b>	<b>12.4</b>	<b>22.7</b>	<b>35.7</b>	<b>42.2</b>	<b>50.5%</b>	<b>3.7%</b>	<b>44.3</b>	<b>47.4</b>	<b>49.9</b>	<b>5.7%</b>	<b>4.7%</b>
Compensation of employees	6.8	14.5	24.7	29.1	62.6%	2.5%	32.0	33.8	35.6	7.0%	3.3%
Goods and services	5.6	8.1	11.0	13.2	32.7%	1.2%	12.2	13.6	14.3	2.8%	1.4%
of which:											
Computer services	0.6	0.9	1.1	1.0	21.4%	0.1%	1.0	1.1	1.1	4.2%	0.1%
Operating leases	0.1	0.1	-	-	-100.0%	-	0.0	0.0	0.0	-	-
Travel and subsistence	1.8	2.8	3.7	4.7	39.0%	0.4%	4.7	4.9	5.1	2.5%	0.5%
<b>Transfers and subsidies</b>	<b>631.7</b>	<b>670.5</b>	<b>757.5</b>	<b>859.4</b>	<b>10.8%</b>	<b>96.2%</b>	<b>880.0</b>	<b>977.8</b>	<b>1 028.9</b>	<b>6.2%</b>	<b>95.3%</b>
Departmental agencies and accounts	631.7	668.6	754.9	856.3	10.7%	96.0%	876.3	974.0	1 024.8	6.2%	94.9%
Higher education institutions	-	1.9	2.5	3.1	-	0.2%	3.7	3.8	4.0	8.9%	0.4%
Households	-	-	0.1	-	-	-	-	-	-	-	-

**Table 35.7 Policy and Knowledge Services**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Payments for capital assets	0.2	0.8	0.8	0.2	1.9%	0.1%	0.9	0.9	0.9	80.6%	0.1%
Machinery and equipment	0.2	0.8	0.8	0.2	1.9%	0.1%	0.9	0.9	0.9	80.6%	0.1%
<b>Total</b>	<b>644.2</b>	<b>694.0</b>	<b>794.0</b>	<b>901.8</b>	<b>11.9%</b>	<b>100.0%</b>	<b>925.2</b>	<b>1 026.1</b>	<b>1 079.7</b>	<b>6.2%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	56.3%	55.5%	57.9%	59.3%			55.7%	55.1%	52.0%		

**Details of selected transfers and subsidies**

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	631.7	668.6	754.9	856.3	10.7%	96.0%	876.3	974.0	1 024.8	6.2%	94.9%
South African Tourism	631.7	668.6	754.9	856.3	10.7%	96.0%	876.3	974.0	1 024.8	6.2%	94.9%
Higher education institutions											
Current	-	1.9	2.5	3.1	-	0.2%	3.7	3.8	4.0	8.9%	0.4%
National Tourism Framework	-	1.9	2.5	3.1	-	0.2%	3.7	3.8	4.0	8.9%	0.4%

**Personnel information****Table 35.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Policy and Knowledge Services	Number of posts estimated for 31 March 2014	Number of funded posts	Number of posts additional to the establishment	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2012/13		Unit Cost	2013/14		Unit Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17		
				Number	Cost		Number	Cost		Number	Cost	Number	Cost	Number	Cost	Number	Cost			
Salary level	72	-		57	24.7	0.4	62	29.1	0.5	72	32.0	0.4	72	33.8	0.5	72	35.6	0.5	5.1%	100.0%
1-6	8	-		7	1.4	0.2	7	1.7	0.2	8	1.8	0.2	8	1.9	0.2	8	2.0	0.2	4.6%	11.2%
7-10	34	-		24	7.5	0.3	26	9.2	0.4	34	10.5	0.3	34	11.1	0.3	34	11.6	0.3	9.4%	46.0%
11-12	17	-		15	7.2	0.5	16	7.7	0.5	17	9.0	0.5	17	9.5	0.6	17	10.0	0.6	2.0%	24.1%
13-16	13	-		11	8.7	0.8	13	10.5	0.8	13	10.8	0.8	13	11.4	0.9	13	12.0	0.9	-	18.7%

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

2. Rand million.

**Expenditure trends**

The spending focus over the medium term will be on funding the activities of South African Tourism to allow the entity to continue marketing South Africa as a tourist destination of choice, increasing the number of international and domestic tourists, and promoting job creation and sustainable economic development. South African Tourism is funded through a transfer payment in the *South African Tourism* subprogramme, which is discussed in more detail below.

Excluding this transfer, the bulk of the programme's allocation over the medium term goes towards spending on compensation of employees. These employees develop and update tourism policies and strategies, and monitor and report on the implementation of the national tourism sector strategy. At the end of November 2013, the programme had a funded establishment of 72 posts, of which 10 were vacant. The vacancies were the result of restructuring to increase capacity for research and knowledge management. At the end of November 2013, the staff complement had increased from 57 in 2012/13 to 62. However, the increase in expenditure on compensation of employees mostly relates to inflation related adjustments to salaries. Expenditure on consultants over the medium term is projected to grow significantly as external service providers are contracted to provide IT support for the development of the visitor information knowledge centres and the tourism information gateways. The information gateways have been created to maximise domestic tourism, increase the number foreign tourist arrivals in South Africa and improve the range and quality of tourist services.

As part of Cabinet-approved budget reductions, transfers to South African Tourism have been reduced by R2.5 million in 2014/15, R6.8 million in 2015/16 and R7.6 million in 2016/17. The anticipated effect of the reductions is that operational expenditure will be reduced and specific projects, such as the upgrade to the

Oracle system, will have to be postponed. The turnaround time for the placement of orders and financial reporting will also be affected.

Among the smaller subprogrammes, the fastest growing expenditure is in the *Research and Knowledge Management* subprogramme, which is expected to increase at an average annual rate of 11.5 per cent between 2013/14 and 2016/17. This is due to an increase in the number of extended research and knowledge management activities and the corresponding increase in compensation of employees. Over the medium term, the growth in expenditure will provide for the development and maintenance of nine information and knowledge systems and services, including the visitor information knowledge centre database tools, tourist guide central databases and the two national tourism information gateways.

### Subprogramme: South African Tourism

This subprogramme transfers funds to South African Tourism, which is responsible for stimulating sustainable international and domestic demand for South African tourist experiences and for putting in place measures that maintain and enhance the standards of tourist facilities and services. Through implementing the tourism growth strategy, the organisation aims to make tourism a leading economic sector in the country and to promote sustainable economic and social empowerment for all South Africans. The number of international tourist arrivals increased from 11.4 million in 2010/11 to 13.5 million in 2012/13, contributing R105 billion to the South African economy. The number of international arrivals increased to 14.2 million in 2014/15. 14.4 million domestic tourists were reported in 2012/13. In addition, the Tourism Grading Council of South Africa, a business unit within South African Tourism, graded 6 022 properties and the National Conventions Bureau, another business unit, secured the rights to host 87 international association meetings between 2013 and 2017.

### Expenditure estimates

Table 35.9 South African Tourism

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Transfers and subsidies	631.7	668.6	754.9	856.3	10.7%	100.0%	876.3	974.0	1 024.8	6.2%	100.0%
Departmental agencies and accounts	631.7	668.6	754.9	856.3	10.7%	100.0%	876.3	974.0	1 024.8	6.2%	100.0%
<b>Total</b>	<b>631.7</b>	<b>668.6</b>	<b>754.9</b>	<b>856.3</b>	<b>10.7%</b>	<b>100.0%</b>	<b>876.3</b>	<b>974.0</b>	<b>1 024.8</b>	<b>6.2%</b>	<b>100.0%</b>
Proportion of total subprogramme expenditure to programme expenditure	98.1%	96.3%	95.1%	95.0%			94.7%	94.9%	94.9%		

### Expenditure trends

Transfers to South African Tourism account for 95.3 per cent of the subprogramme's budget between 2013/14 and 2016/17, which grew from R631.7 million in 2010/11 to R856.3 million in 2013/14 and is expected to rise to R1 billion in 2016/17. South African Tourism is responsible for marketing South Africa as a desirable tourist destination and through implementing the tourism growth strategy, it aims to make tourism a leading economic sector with a higher share of the country's GDP. It also aims to promote the development of South Africa's tourist infrastructure and services. In the 2013 adjustments budget, South African Tourism received R6.4 million from the department and R20 million from National Treasury to compensate for foreign currency losses. The total budget received for 2013/14 was thus R856.3 million.

To give effect to Cabinet approved budget reductions, the transfer to South African Tourism has been reduced by R2.5 million in 2014/15, R6.8 million in 2015/16 and R7.6 million in 2016/17. These reductions are not expected to have an impact on the entity's operations.

## Programme 3: International Tourism

### Objectives

- Provide international tourism market analysis to inform strategic interventions by:
  - producing plans in response to the needs of the market

- conducting ministerial road shows
- packaging and promoting niche products particularly geared towards the international market
- providing overseas missions with key information to counter negative perceptions of South Africa on an ongoing basis.
- Reduce barriers to tourism growth by:
  - engaging with the Department of Home Affairs to produce a report on visa facilitation in 2014/15
  - building capacity for tourism promotion, translating and distributing marketing material in South African missions abroad and improving information relating to South Africa as a destination on mission websites, in 2014/15
  - undertaking an investigation into South Africa’s potential as a southern corridor aviation hub for Latin America, Sub-Saharan Africa and the Asia-Pacific area in 2014/15.
- Advance national, regional, African and global tourism by participating in strategic engagements in bilateral and multilateral forums on an ongoing basis.

### **Subprogrammes**

- *International Tourism Management* provides a comprehensive administrative and operational support service to the programme for carrying out its activities, which include the collation and consolidation of inputs to the branch business plans, and annual and performance reports; and develops and supports the growth of South Africa’s tourist attractions. This subprogramme had a staff complement of 5 at the end of November 2013.
- *Americas and Caribbean* manages the development of South Africa’s tourism potential on a political and policy level in this region, and manages the relationships with the United Nations World Tourism Organisation and the World Travel Tourism Council. Part of this subprogramme’s budget is transferred annually to the United Nations World Tourism Organisation. Key activities in 2012/13 included developing, updating and analysing country profiles in the region. In 2013/14, key activities included producing briefing reports on major American and Caribbean tourism markets and supporting business planning models. This subprogramme had a staff complement of 13 at the end of November 2013.
- *Europe* manages the development of South Africa’s tourism potential on a political and policy level throughout Western and Eastern Europe and the Mediterranean and with the G20 group of tourism ministers and the World Travel Tourism Council. In 2012/13, key activities included developing, updating and analysing the country profiles in this region. Key activities in 2013/14 included producing briefing reports on major European tourism markets and supporting business planning models. This subprogramme had a staff complement of 12 at the end of November 2013.
- *Africa and Middle East* manages the development of South Africa’s tourism potential on a political and policy level in this region. A portion of this subprogramme’s budget is transferred annually to the Regional Tourism Organisation of Southern Africa. Key activities in 2012/13 included developing, updating and analysing the country profiles in the region. Key activities in 2013/14 included producing briefing reports on markets and supporting business planning models. This subprogramme had a staff complement of 13 at the end of November 2013.
- *Asia and Australasia* manages the development of South Africa’s tourism potential on a political and policy level throughout Asia, Australasia and the Pacific Islands. Key activities in 2012/13 included developing, updating and analysing the country profiles in this region. Key activities in 2013/14 include producing briefing reports on markets and supporting business planning models. This subprogramme had a staff complement of 12 at the end of November 2013.

## Expenditure estimates

Table 35.10 International Tourism

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
International Tourism Management	9.0	2.2	3.7	3.8	-25.0%	16.1%	3.7	3.8	4.1	2.5%	7.5%
Americas and Caribbean	5.1	9.3	5.8	10.7	28.2%	26.5%	13.6	14.2	15.0	12.0%	26.1%
Europe	3.7	-	5.7	8.5	31.3%	15.3%	9.2	9.7	10.2	6.5%	18.4%
Africa and Middle East	5.2	10.6	8.1	9.5	21.9%	28.6%	15.4	16.1	17.1	21.6%	28.4%
Asia and Australasia	3.3	-	3.9	8.5	37.0%	13.5%	10.0	10.5	11.1	9.2%	19.6%
<b>Total</b>	<b>26.4</b>	<b>22.1</b>	<b>27.1</b>	<b>41.0</b>	<b>15.8%</b>	<b>100.0%</b>	<b>51.9</b>	<b>54.4</b>	<b>57.5</b>	<b>11.9%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(8.6)			(0.4)	0.8	-		

### Economic classification

<b>Current payments</b>	<b>22.8</b>	<b>20.2</b>	<b>22.8</b>	<b>38.9</b>	<b>19.5%</b>	<b>89.8%</b>	<b>45.1</b>	<b>47.4</b>	<b>50.2</b>	<b>8.9%</b>	<b>88.7%</b>
Compensation of employees	8.1	14.7	18.0	28.4	52.2%	59.2%	34.7	36.6	38.6	10.8%	67.5%
Goods and services	14.8	5.5	4.8	10.6	-10.6%	30.6%	10.4	10.8	11.7	3.4%	21.2%
of which:											
Computer services	0.1	0.0	0.0	-	-100.0%	0.1%	-	-	-	-	-
Travel and subsistence	7.6	2.8	3.0	3.4	-23.4%	14.4%	5.7	5.7	6.0	21.0%	10.2%
<b>Transfers and subsidies</b>	<b>3.3</b>	<b>1.5</b>	<b>3.5</b>	<b>1.8</b>	<b>-17.6%</b>	<b>8.7%</b>	<b>5.9</b>	<b>6.0</b>	<b>6.3</b>	<b>51.2%</b>	<b>9.8%</b>
Foreign governments and international organisations	3.3	1.4	3.5	1.8	-17.6%	8.6%	5.9	6.0	6.3	51.2%	9.8%
Households	-	0.1	-	-	-	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.4</b>	<b>0.8</b>	<b>0.3</b>	<b>-5.3%</b>	<b>1.6%</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>55.7%</b>	<b>1.5%</b>
Machinery and equipment	0.3	0.4	0.8	0.3	-5.3%	1.5%	0.9	0.9	1.0	55.7%	1.5%
<b>Total</b>	<b>26.4</b>	<b>22.1</b>	<b>27.1</b>	<b>41.0</b>	<b>15.8%</b>	<b>100.0%</b>	<b>51.9</b>	<b>54.4</b>	<b>57.5</b>	<b>11.9%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	2.3%	1.8%	2.0%	2.7%			3.1%	2.9%	2.8%		

### Details of selected transfers and subsidies

<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>3.3</b>	<b>1.4</b>	<b>3.5</b>	<b>1.8</b>	<b>-17.6%</b>	<b>8.6%</b>	<b>5.9</b>	<b>6.0</b>	<b>6.3</b>	<b>51.2%</b>	<b>9.8%</b>
Regional Tourism Organisation of South Africa	1.9	-	2.0	-	-100.0%	3.3%	3.5	3.6	3.8	-	5.3%
United Nations World Tourism Organisation	1.3	1.4	1.5	1.8	11.1%	5.3%	2.3	2.4	2.5	11.4%	4.4%

## Personnel information

Table 35.11 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

International Tourism	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Salary level	71	-	47	18.0	0.4	55	28.4	0.5	69	34.7	0.5	71	36.6	0.5	71	38.6	0.5	8.9%	100.0%
1 - 6	8	-	5	0.4	0.1	8	1.7	0.2	8	1.9	0.2	8	2.0	0.3	8	2.1	0.3	-	12.0%
7 - 10	27	-	16	3.3	0.2	19	5.7	0.3	27	9.0	0.3	27	9.5	0.4	27	10.1	0.4	12.4%	37.6%
11 - 12	23	-	14	5.8	0.4	15	10.1	0.7	21	12.2	0.6	23	12.8	0.6	23	13.5	0.6	15.3%	30.8%
13 - 16	13	-	12	8.5	0.7	13	10.9	0.8	13	11.6	0.9	13	12.2	0.9	13	12.9	1.0	-	19.5%

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

2. Rand million.

## Expenditure trends

The significant increases in expenditure in the *Americas and Caribbean*, *Europe* and *Africa and Middle East* subprogrammes between 2010/11 and 2013/14 were mainly aimed at expanding South Africa's tourism potential in these areas as part of the department's diversification policy. The spending focus for this programme over the medium term will be on training tourism officials, and translating and marketing material to distribute in 126 South African missions. The programme will also negotiate, facilitate and implement international tourism agreements and produce annual reports on the implementation plan for bilateral agreements. In doing so, the

department expects to expand foreign investment in the South African tourism industry and strengthen relationships with tourism organisations.

Expenditure on compensation of employees and travel and subsistence are the programme's largest spending items and are projected to increase over the medium term as capacity is built and domestic and international trips are taken to analyse the international tourism market and attend multilateral forums. Expenditure in the programme is expected to increase over the MTEF period on items relating to the generation of market intelligence, the conducting of market analysis to inform strategic interventions, the lowering of barriers to tourism growth, and the optimal use of bilateral and multilateral connections. These activities are aimed at maximising domestic tourism and increasing the number of foreign tourist arrivals in South Africa.

The programme has a funded establishment of 71 posts, of which 11 were vacant at the end of November 2013, and the establishment is expected to remain constant over the medium term. The vacancies were due to the restructuring relating to an increased number of responsibilities within the programme, and are expected to be filled in 2014/15.

## **Programme 4: Domestic Tourism**

### **Objectives**

- Increase tourism's contribution to inclusive economic growth by:
  - developing the 2030 tourism master strategy to provide a uniform approach to promote the development of tourism infrastructure in 2014/15
  - funding the construction of interpretive signage at South Africa's 8 world heritage sites and developing proposals for infrastructure development at 4 of the sites in 2014/15 to attract investment and create employment opportunities
  - hosting the annual national tourism career expo and annual tourism month celebrations.
- Improve tourist destination competitiveness by coordinating and facilitating the development and implementation of 2 projects from the integrated regional support packages in rural areas and the Maloti Drakensberg route in 2014/15.
- Provide support to tourism businesses by:
  - implementing the incentive programme by carrying out road shows and receiving and adjudicating the applications for the programme in 2014/15
  - mentoring 34 SMMEs
  - assisting 450 businesses with market access
  - providing training interventions on skills development, customer service, toolkits and business skills to 489 rural enterprises, 1 263 historically disadvantaged enterprises, and 975 SMMEs
  - providing 2 475 full time equivalent jobs through the Tourism Enterprise Partnership in 2014/15.
- Create employment opportunities by implementing tourism projects through the expanded public works programme aimed at the unemployed, resulting in 16 775 full time equivalent jobs being created by 2016/17.

### **Subprogrammes**

- *Domestic Tourism Management* provides a comprehensive administrative and operational support service to the programme's activities. It also houses the tourism support programme, which will become a separate subprogramme over the medium term. The tourism support subprogramme stimulates new investment in domestic tourism across all subsectors; enables the payment of licensing and professional association member registration fees to remove barriers to entry into the business tourism market; supports SMME tourism infrastructure to stimulate innovation, authenticity and conversion to green systems; and enables access to international trade exhibitions. In 2013/14, a fully functional tourism incentive unit was established. This subprogramme had a staff complement of 6 at the end of November 2013.
- *Domestic Tourism Management: Southern Region* promotes and supports the growth of domestic tourism in Free State and in Western, Eastern and Northern Cape; develops and updates tourism profiles through

research; supports product development; implements the rural tourism strategy; and supports national tourism programmes in the region. In 2012/13, 2 regional support packages were developed. In 2013/14, 2 regional scoping reports on the integration of national interventions relating to the rural comprehensive strategy were compiled. The National Tourism Career Expo was hosted in 2012/13 and 2013/14. This subprogramme had a staff complement of 18 at the end of November 2013.

- *Domestic Tourism Management: Northern Region* promotes and supports the growth of domestic tourism in Gauteng, North West, Limpopo, KwaZulu-Natal and Mpumalanga. This entails conducting research to develop and update tourism profiles, providing support for product development, and implementing the rural tourism strategy. In 2012/13, 2 regional support packages were developed. In 2013/14, 2 regional scoping reports on the integration of national interventions relating to the rural-comprehensive strategy were compiled. This subprogramme had a staff complement of 21 at the end of November 2013.
- *Social Responsibility Implementation* facilitates the development of tourism infrastructure projects under the expanded public works programme through labour intensive methods targeting the unemployed, youth, women, the disabled, and SMMEs. The subprogramme also produces skills development initiatives, such as the young chefs' training programme. In 2012/13, 5 645 full time equivalent jobs were created. In 2013/14, 1 517 full time equivalent jobs had been created by the end of September 2013. This subprogramme had a staff complement of 50 at the end of November 2013.
- *Strategic Partners in Tourism* makes transfers and subsidies for small businesses. This subprogramme's total budget is currently transferred to the Tourism Enterprise Partnership, but this arrangement will end in 2014/15 and be replaced by a SMME development programme. In 2012/13, 104 enterprises were mentored, support was provided to 1 664 rural enterprises, 852 businesses were assisted with accessing markets, 4 145 historically disadvantaged enterprises were assisted, and training was provided to 3 267 enterprises. 5 005 full time equivalent jobs were created through the Tourism Enterprise Partnership in 2012/13.

## Expenditure estimates

**Table 35.12 Domestic Tourism**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)		Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17		
R million												
Domestic Tourism Management	9.9	4.9	10.1	9.2	-2.2%	2.4%	10.4	10.5	11.1	6.2%	2.0%	
Domestic Tourism Management: Southern Region	5.9	6.6	11.5	12.2	27.8%	2.6%	13.3	13.4	14.2	5.1%	2.6%	
Domestic Tourism Management: Northern Region	11.2	6.2	10.6	17.5	16.2%	3.3%	16.7	16.7	17.5	-	3.3%	
Social Responsibility Implementation	270.2	301.4	314.4	305.6	4.2%	85.3%	399.9	494.3	632.9	27.5%	88.4%	
Strategic Partners in Tourism	20.0	20.0	25.0	25.0	7.7%	6.4%	23.0	13.5	15.5	-14.7%	3.7%	
<b>Total</b>	<b>317.1</b>	<b>339.1</b>	<b>371.6</b>	<b>369.6</b>	<b>5.2%</b>	<b>100.0%</b>	<b>463.2</b>	<b>548.4</b>	<b>691.2</b>	<b>23.2%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				(0.2)			(32.8)	(152.1)	-			
<b>Economic classification</b>												
<b>Current payments</b>	<b>38.4</b>	<b>42.7</b>	<b>57.2</b>	<b>73.9</b>	<b>24.3%</b>	<b>15.2%</b>	<b>74.5</b>	<b>78.8</b>	<b>82.7</b>	<b>3.8%</b>	<b>14.9%</b>	
Compensation of employees	26.6	27.6	38.6	47.5	21.3%	10.0%	51.9	54.8	57.7	6.7%	10.2%	
Goods and services	11.8	15.1	18.6	26.4	30.6%	5.1%	22.5	24.0	25.0	-1.8%	4.7%	
of which:												
Computer services	0.0	0.0	0.0	2.0	774.2%	0.1%	0.5	0.5	0.5	-35.8%	0.2%	
Operating leases	0.1	0.1	-	-	-100.0%	-	0.1	0.1	0.1	-	-	
Travel and subsistence	5.5	6.3	8.4	11.3	26.9%	2.3%	12.3	12.8	13.4	6.1%	2.4%	
<b>Transfers and subsidies</b>	<b>277.4</b>	<b>294.4</b>	<b>313.2</b>	<b>295.5</b>	<b>2.1%</b>	<b>84.5%</b>	<b>386.7</b>	<b>468.6</b>	<b>607.4</b>	<b>27.1%</b>	<b>84.8%</b>	
Departmental agencies and accounts	-	-	4.1	6.3	-	0.7%	5.6	6.0	6.6	1.3%	1.2%	
Non-profit institutions	27.7	22.2	26.1	26.0	-2.0%	7.3%	24.0	14.0	16.1	-14.8%	3.9%	
Households	249.7	272.2	283.1	263.2	1.8%	76.4%	357.0	448.6	584.8	30.5%	79.8%	

Table 35.12 Domestic Tourism

Economic classification	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
<b>Payments for capital assets</b>	<b>1.3</b>	<b>2.0</b>	<b>1.1</b>	<b>0.2</b>	<b>-43.5%</b>	<b>0.3%</b>	<b>2.1</b>	<b>1.0</b>	<b>1.1</b>	<b>65.0%</b>	<b>0.2%</b>
Machinery and equipment	1.3	2.0	1.1	0.2	-43.5%	0.3%	2.0	1.0	1.0	61.4%	0.2%
Software and other intangible assets	-	-	0.0	-	-	-	0.1	0.1	0.1	-	-
<b>Total</b>	<b>317.1</b>	<b>339.1</b>	<b>371.6</b>	<b>369.6</b>	<b>5.2%</b>	<b>100.0%</b>	<b>463.2</b>	<b>548.4</b>	<b>691.2</b>	<b>23.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>27.7%</b>	<b>27.1%</b>	<b>27.1%</b>	<b>24.3%</b>			<b>27.9%</b>	<b>29.4%</b>	<b>33.3%</b>		

## Details of selected transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current											
Eastern Cape Parks and Tourism Agency	-	-	3.0	3.3	-	0.5%	3.6	4.0	4.4	10.0%	0.7%
Tourism Accelerated Apprenticeship Programme	-	-	1.1	3.0	-	0.3%	2.0	2.0	2.2	-10.4%	0.4%
<b>Non-profit institutions</b>	<b>27.7</b>	<b>22.2</b>	<b>26.1</b>	<b>26.0</b>	<b>-2.0%</b>	<b>7.3%</b>	<b>24.0</b>	<b>14.0</b>	<b>16.1</b>	<b>-14.8%</b>	<b>3.9%</b>
Strategic Partners in Tourism	20.0	20.0	25.0	25.0	7.7%	6.4%	23.0	-	-	-100.0%	2.3%
National Tourism Business Initiative	2.2	1.2	-	-	-100.0%	0.2%	-	-	-	-	-
Ezemvelo KwaZulu-Natal Wildlife	-	0.5	0.5	0.5	-	0.1%	0.5	-	-	-100.0%	-
Tourism Business Council	0.5	-	-	-	-100.0%	-	-	-	-	-	-
Federated Hospitality Association of South Africa	5.0	0.5	0.5	0.5	-53.5%	0.5%	0.5	0.5	0.5	1.8%	0.1%
Tourism Accelerated Apprenticeship Programme	-	-	0.1	-	-	-	-	-	-	-	-
SMME Development	-	-	-	-	-	-	-	13.5	15.5	-	1.4%
<b>Households</b>											
<b>Other transfers to households</b>	<b>249.7</b>	<b>272.2</b>	<b>283.1</b>	<b>263.2</b>	<b>1.8%</b>	<b>76.4%</b>	<b>357.0</b>	<b>448.6</b>	<b>584.8</b>	<b>30.5%</b>	<b>79.8%</b>
Employee social benefits	-	-	0.2	-	-	-	-	-	-	-	-
Bursaries: Non-employees	-	-	0.2	-	-	-	-	-	-	-	-
Expanded Public Works Programme: Domestic Tourism	238.3	253.0	242.7	214.1	-3.5%	67.8%	196.6	196.4	318.9	14.2%	44.7%
Expanded Public Works Programme Incentive: Domestic Tourism	11.4	19.2	40.1	49.1	62.6%	8.6%	66.2	58.2	61.3	7.7%	11.3%
Tourism Incentive Programme	-	-	-	-	-	-	94.3	194.0	204.6	-	23.8%

## Personnel information

Table 35.13 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	Unit Cost		2013/14	Unit Cost		2014/15		2015/16		2016/17				2013/14 - 2016/17		
<b>Domestic Tourism</b>			<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>		
Salary level 110	-	-	97	38.6	0.4	95	47.5	0.5	112	51.9	0.5	110	54.8	0.5	110	57.7	0.5	5.0%	100.0%
1 - 6	10	-	9	1.6	0.2	6	1.9	0.3	8	1.9	0.2	10	2.0	0.2	10	2.1	0.2	18.6%	8.0%
7 - 10	52	-	43	13.0	0.3	41	17.2	0.4	54	18.3	0.3	52	19.3	0.4	52	20.3	0.4	8.2%	46.6%
11 - 12	36	-	34	15.9	0.5	36	19.2	0.5	38	21.2	0.6	36	22.4	0.6	36	23.6	0.7	-	34.2%
13 - 16	12	-	11	8.2	0.7	12	9.2	0.8	12	10.6	0.9	12	11.2	0.9	12	11.8	1.0	-	11.2%

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

2. Rand million.

## Expenditure trends

As part of the tourism development policy, the spending focus over the medium term will be on tourism infrastructure projects under the expanded public works programme. Expenditure on this programme is expected to increase mainly due to Cabinet approved additional funding of R70 million provided for the social responsibility implementation programme, which is implemented through the expanded public works programme, in 2016/17. Expenditure in the programme will support the creation of 5 625 full time equivalent

tourism jobs in 2014/15 and 5 575 in 2016/17. Due to the additional allocation in 2016/17, the rescheduling of expanded public works funds will have no impact on service delivery over the medium term.

Expenditure over the medium term is also expected to increase due to the increase in funding for the tourism incentive programme. The programme is currently a directorate in the *Social Responsibility Implementation* subprogramme and will be introduced at the beginning of April 2014. The tourism incentive programme is expected to support the growth of SMMEs and established businesses through improved access to international buyers and markets, and promote economic development. The introduction of the incentive programme is expected to result in a projected number of domestic tourists that grows from 12.9 million in 2014/15 to 14.3 million in 2016/17.

The programme had a funded establishment of 110 posts, of which 15 were vacant at the end of November 2013. These vacancies were mainly as a result of restructuring and will be filled in 2014/15. The staff complement increased from 97 in 2012/13 to 112 in 2014/15 due to the establishment of the tourism incentive programme in 2013/14. The programme is expected to be fully functional in 2014/15.

## Public entities and other agencies

### South African Tourism

#### Mandate and goals

In terms of the Tourism Act (1993), South African Tourism is mandated to market South Africa internationally and domestically as a preferred tourism destination, to ensure that tourist facilities and services are of the highest standard, and to monitor and evaluate the performance of the tourism sector.

The organisation's main strategic goal over the medium term is to ensure that the tourism sector makes an increasing contribution to economic growth. Other goals include increasing the annual volume of international tourists visiting the country, growing tourists' contribution to the economy through their spending, increasing international brand awareness of South Africa as a travel and business destination, and increasing the number of graded accommodation establishments.

#### Selected performance indicators

Table 35.14 South African Tourism

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of international tourist arrivals by land per year	Increase foreign tourist arrivals to South Africa	Outcome 4: Decent employment through inclusive economic growth	8 498 735	9 333 505	9 951 029	9 648 864	10 394 307	10 715 051	11 040 623
Number of international tourist arrivals by air per year	Increase foreign tourist arrivals to South Africa		2 896 965	2 921 650	3 500 536	3 373 115	3 830 768	3 936 776	4 050 759
Number of domestic travellers per year	Increase domestic tourism in South Africa		13.5 million	13.9 million	14.4 million	15 million	12.9 million	13.5 million	14.3 million
Average spend per international tourist in the country per year	Increase tourism trended revenue contribution to the economy		R8 900	R8 600	R12 536	R13 162	R13 820	R14 483	R15 251
Percentage of global brand awareness campaigns	Increase in South African brand awareness		79% (15 061 350)	78% (22 534 050)	79% (22 534 050)	79% (22 534 050)	80% (22 534 050)	80% (87 618 900)	81% (92 262 702)

## Programmes/activities/objectives

Table 35.15 South African Tourism

R million	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
Administration	88.3	143.1	105.5	86.7	-0.6%	11.5%	111.2	117.2	123.4	12.5%	9.8%
Number of foreign visitor arrivals	227.5	223.7	251.9	301.7	9.9%	27.0%	290.5	291.5	310.3	0.9%	27.0%
Number of domestic travellers	39.7	23.5	45.1	35.0	-4.1%	3.9%	43.7	143.8	144.0	60.2%	7.9%
Amount of trended revenue	227.5	223.7	251.9	301.7	9.9%	27.0%	290.5	291.5	310.3	0.9%	27.0%
Brand awareness percentage	238.5	224.3	245.9	206.8	-4.6%	24.8%	220.3	232.2	244.5	5.7%	20.3%
Number of graded establishments	34.6	25.1	35.4	43.1	7.6%	3.7%	40.4	39.3	41.3	-1.5%	3.7%
Increase business events	-	-	43.2	43.6	-	2.2%	45.8	48.3	50.8	5.2%	4.2%
<b>Total expense</b>	<b>856.1</b>	<b>863.3</b>	<b>978.9</b>	<b>1 018.7</b>	<b>6.0%</b>	<b>100.0%</b>	<b>1 042.2</b>	<b>1 163.8</b>	<b>1 224.6</b>	<b>6.3%</b>	<b>100.0%</b>

## Expenditure estimates

Table 35.16 South African Tourism

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
R million											
<b>Revenue</b>											
Non-tax revenue	97.7	62.2	102.8	74.9	-8.5%	9.3%	83.9	103.3	108.8	13.3%	8.3%
Other non-tax revenue	97.7	62.2	102.8	74.9	-8.5%	9.3%	83.9	103.3	108.8	13.3%	8.3%
Transfers received	736.7	766.8	866.9	943.8	8.6%	90.7%	958.3	1 060.4	1 115.9	5.7%	91.7%
<b>Total revenue</b>	<b>834.4</b>	<b>829.0</b>	<b>969.8</b>	<b>1 018.7</b>	<b>6.9%</b>	<b>100.0%</b>	<b>1 042.2</b>	<b>1 163.8</b>	<b>1 224.6</b>	<b>6.3%</b>	<b>100.0%</b>
<b>Expenses</b>											
Current expenses	856.1	863.3	978.9	1 018.7	6.0%	100.0%	1 042.2	1 163.8	1 224.6	6.3%	100.0%
Compensation of employees	103.6	122.0	149.3	102.3	-0.4%	12.9%	109.0	114.9	121.1	5.8%	10.1%
Goods and services	737.3	727.1	813.0	916.3	7.5%	85.8%	933.2	1 048.9	1 103.6	6.4%	89.9%
Depreciation	14.3	13.2	15.8	-	-100.0%	1.2%	-	-	-	-	-
Interest, dividends and rent on land	0.8	0.9	0.8	-	-100.0%	0.1%	-	-	-	-	-
<b>Total expenses</b>	<b>856.1</b>	<b>863.3</b>	<b>978.9</b>	<b>1 018.7</b>	<b>6.0%</b>	<b>100.0%</b>	<b>1 042.2</b>	<b>1 163.8</b>	<b>1 224.6</b>	<b>6.3%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>(22.0)</b>	<b>(34.0)</b>	<b>(9.0)</b>	<b>-</b>	<b>-100.0%</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Statement of financial position</b>											
Carrying value of assets	68.2	78.1	70.1	74.0	2.8%	23.7%	78.0	82.2	86.6	5.4%	23.0%
Loans	0.3	0.1	0.1	0.1	-27.8%	0.1%	0.1	0.1	0.1	5.4%	0.0%
Receivables and prepayments	29.8	8.4	22.1	23.4	-7.8%	6.5%	24.6	26.0	27.3	5.4%	7.3%
Cash and cash equivalents	270.0	170.3	212.8	224.8	-5.9%	69.8%	236.9	249.7	262.9	5.4%	69.7%
<b>Total assets</b>	<b>368.4</b>	<b>256.9</b>	<b>305.2</b>	<b>322.3</b>	<b>-4.4%</b>	<b>100.0%</b>	<b>339.7</b>	<b>358.1</b>	<b>377.0</b>	<b>5.4%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	46.7	12.4	3.3	3.3	-58.8%	4.9%	3.3	3.3	3.3	-	0.9%
Capital and reserves	17.3	17.3	25.4	25.4	13.7%	6.9%	25.4	25.4	25.4	-	7.3%
Deferred income	50.2	40.0	-	-	-100.0%	7.3%	-	-	-	-	-
Trade and other payables	230.4	154.1	235.6	250.4	2.8%	69.4%	256.4	273.3	287.8	4.7%	76.5%
Provisions	21.1	30.5	38.7	40.8	24.5%	10.7%	43.0	45.3	47.7	5.4%	12.7%
Derivatives and financial instruments	2.6	2.6	2.3	2.4	-3.2%	0.8%	2.5	2.7	2.8	5.4%	0.7%
<b>Total equity and liabilities</b>	<b>368.4</b>	<b>256.9</b>	<b>305.2</b>	<b>322.3</b>	<b>-4.4%</b>	<b>100.0%</b>	<b>330.6</b>	<b>350.0</b>	<b>367.0</b>	<b>4.4%</b>	<b>98.1%</b>

## Personnel information

Table 35.17 South African Tourism

Salary level	Number of posts estimated for 31 March 2014	Number of posts on approved establishment	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost	
	171	171	161	149.3	0.9	171	102.3	0.6	171	109.0	0.6	171	114.9	0.7	171	121.1	0.7	5.8%	100.0%
1 - 6	20	20	15	1.9	0.1	20	2.2	0.1	20	2.3	0.1	20	2.4	0.1	20	2.6	0.1	5.3%	11.7%
7 - 10	55	55	32	7.8	0.2	55	12.8	0.2	55	13.6	0.2	55	14.3	0.3	55	14.3	0.3	3.7%	32.2%
11 - 12	44	44	64	92.8	1.4	44	43.9	1.0	44	43.7	1.0	44	45.2	1.0	44	51.2	1.2	5.3%	25.7%
13 - 16	52	52	50	46.9	0.9	52	43.5	0.8	52	49.5	1.0	52	52.9	1.0	52	53.0	1.0	6.9%	30.4%

1. Rand million.

## **Expenditure trends**

Almost all of South African Tourism's income is from departmental transfers. The spending focus over the medium term will be to aggressively promote tourism growth from the continent through increased awareness of South Africa as a top tourism destination. This will result in more arrivals from Africa, and the corresponding spending will contribute to GDP and job creation.

The entity will set up five marketing offices in key African markets by 2020. Two offices will be opened by the end of March 2014: one in Kenya for East Africa, the other in Nigeria for West Africa. Three hub offices will be opened by the end of December 2015: the West Africa hub office in Nigeria; the East Africa hub office in Kenya; and the Central Africa office in Angola. In 2012/13, the entity had a staff complement of 161, but this is expected to increase to 171 in 2013/14 with the opening of the new offices. The number of South African Tourism country offices is set to increase from 11 in 2014/15 to 14 in 2016/17, and an additional trade relations manager will be appointed in New Delhi to cater for the fast growing Indian market.

Over the medium term, expenditure is expected to increase from R1 billion in 2014/15 to R1.2 billion in 2016/17, with expenditure mainly occurring in international marketing. This is expected to lead to a related rise in foreign tourist arrivals from 14.2 million in 2014/15 to 15.1 million by 2016/17. Key expenditure areas will be electronic marketing, global marketing campaigns, and the hosting of the Tourism Indaba, which attracts more than 1 400 exhibitors annually. This will ensure that the sector increases its contribution to economic growth and achieves the national development plan objective for the sector to create 225 000 jobs by 2020.



# Vote 36

## Trade and Industry

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	706.9	694.5	2.5	10.0	730.7	770.0
International Trade and Economic Development	147.2	102.5	43.8	0.9	154.8	163.8
Broadening Participation	1 005.8	105.8	899.3	0.7	1 060.2	1 118.1
Industrial Development	1 796.8	129.0	1 667.0	0.8	2 078.5	2 192.5
Consumer and Corporate Regulation	277.3	72.0	205.0	0.3	286.9	300.8
Incentive Development and Administration	5 540.3	190.0	5 340.2	10.0	6 246.5	7 050.8
Trade and Investment South Africa	360.7	242.6	116.7	1.5	370.1	387.6
<b>Total expenditure estimates</b>	<b>9 835.0</b>	<b>1 536.4</b>	<b>8 274.5</b>	<b>24.1</b>	<b>10 927.7</b>	<b>11 983.5</b>

Executive authority Minister of Trade and Industry

Accounting officer Director General of Trade and Industry

Website address [www.thedti.gov.za](http://www.thedti.gov.za)

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

### Aim

*Lead and facilitate access to sustainable economic activity and employment for all South Africans through an understanding of the economy, knowledge of economic opportunities and potential, and anticipation of future economic trends. Catalyse economic transformation and development and provide a predictable, competitive, equitable and socially responsible environment for investment, enterprise and trade for economic citizens. Contribute to achieving government's vision of an adaptive and restructured economy, characterised by accelerated economic growth, employment creation and greater equity.*

### Mandate

The department's mandate is derived from a wide legislative framework that includes:

- the Companies Act (2008)
- the Manufacturing Development Act (1993)
- the Broad Based Black Economic Empowerment Act (2003)
- the Consumer Protection Act (2008)
- the National Small Enterprise Act (1996)
- the Small Business Development Act (1981)
- the Customs and Excise Act (1964).

### Strategic goals

The department's strategic goals over the medium term are to:

- facilitate the transformation of the economy to promote industrial development, investment, competitiveness and employment creation
- build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives

- facilitate broad based economic participation through targeted interventions to achieve more inclusive growth
- create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner
- promote a professional, ethical, dynamic, and competitive and customer focused working environment that ensures effective and efficient service delivery.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide strategic leadership to the department and its entities to ensure the use of sustainable and integrated resource solutions and services that are customer driven, including conducting research on industrial development, growth and equity.

### Programme 2: International Trade and Economic Development

**Purpose:** Build an equitable global trading system that facilitates development by strengthening trade and investment links with key economies and fostering African development, including regional and continental integration and development cooperation in line with the New Partnership for Africa's Development.

### Programme 3: Broadening Participation

**Purpose:** Develop policies and strategies that create an enabling environment for small, medium and micro enterprises, and enhance the competitiveness of local and provincial economies to achieve equity, growth and job creation.

### Programme 4: Industrial Development

**Purpose:** Design and implement policies, strategies and programmes to develop the manufacturing and related sectors of the economy. Contribute to the direct and indirect creation of decent jobs. Add value and enhance competitiveness in both domestic and export markets.

### Programme 5: Consumer and Corporate Regulation

**Purpose:** Develop and implement coherent, predictable and transparent regulatory solutions, that facilitate easy access to redress and efficient regulation for economic citizens.

### Programme 6: Incentive Development and Administration

**Purpose:** Stimulate and facilitate the development of sustainable, competitive enterprises through the efficient provision of effective and accessible incentive measures that support national priorities.

### Programme 7: Trade and Investment South Africa

**Purpose:** Increase export capacity and support direct investment flows through an effectively managed network of foreign trade offices and strategies for targeted markets.

## Selected performance indicators

Table 36.1 Trade and Industry

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of successful technical and business missions to foreign countries and companies undertaken per year	International Trade and Economic Development	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	23	15	15	19	17	18	19
Number of government- to-government platforms per year	International Trade and Economic Development		18	18	18	48	22	24	26

Table 36.1 Trade and Industry

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of projects supported under the support programme for industrial innovation per year	Broadening Participation	Outcome 4: Decent employment through inclusive economic growth	110	52	53	25	25	25	30
Value of support for industrial innovation projects per year	Broadening Participation		R110m	R153m	R203.5m	R69.6m	R46m	R46m	R50m
Number of technology incubators supported per year	Broadening Participation		34	34	42	42	46	52	60
Number of students supported by the technology and human resources for industry programme per year	Broadening Participation	Outcome 5: A skilled and capable workforce to support an inclusive growth path	2 000	1 339	1 506	1 055	1 458	1 600	2 000
Number of researchers supported by technology and human resources for industry programme per year	Broadening Participation		798	850	1 135	1 135	756	780	800
Number of new incubators created per year	Broadening Participation		-1	-1	-1	4	6	8	10
Number of small, medium and micro enterprises supported (incubation, quality and technology transfers) per year	Broadening Participation		-1	-1	295	842	962	1 020	1 070
Number of quarterly reports on industrial policy action plan tabled at ministers review meetings	Industrial Development	Outcome 4: Decent employment through inclusive economic growth	4	4	4	2	4	4	4
Number of designation requests submitted to the Minister per year	Industrial Development		-1	5	4	1	4	4	4
Number of students enrolled in the tool-making apprenticeship programme per year	Industrial Development		-1	650	436	389	200	120	50
Number of workers trained through the industrial skills upgrading programme per year	Industrial Development		-1	262	443	127	250	250	300
Number of direct jobs facilitated per year:	Incentive Development and Administration								
- Business process services off-shoring			806	800	3 936	1 145	6 000	6 000	6 000
- Enterprise investment programme			15 018	6 875	13 626	5 415	2 350	6 955	7 302
Number of companies financially assisted per year through:	Incentive Development and Administration								
- Export market and investment assistance			1 753	664	1 082	959	950	960	1 150
- Black business supplier development programme			1 104	1 086	1 212	607	1 872	2 246	2 245
- Cooperative incentive scheme		232	115	314	193	431	490	553	
- Automotive incentive scheme		36	92	28	10	25	25	22	
- Manufacturing competitiveness enhancement Programme		-1	-1	189	210	350	400	500	
Number of film and television productions assisted per year	Incentive Development and Administration								
		49	40	70	49	70	76	80	
Key performance indicators for the critical infrastructure programme: Number of new projects per year	Incentive Development and Administration								
		12	6	6	8	13	13	13	

1. No historical data, as these are new indicators.

## The national development plan

The national development plan sets out the long term vision for the South African economy by affirming the need for a more dynamic and more inclusive economy. It identifies poverty, unemployment and inequality as the triple challenges facing the economy, which require both government and private sector intervention. The national development plan notes that higher rates of employment and inclusive growth will only arise if

government focuses its efforts on promoting exports, competitiveness and employment in labour absorbing industries, and providing an appropriate business environment.

The department's strategic goals are aligned with these key priorities of the national development plan and the new growth path's emphasis on decent employment through inclusive economic growth. These goals include working to achieve economic growth, generate employment and create equity by expanding the employment base, addressing regional inequality, diversifying the economy, promoting investment and reducing dependence on resources. The plan recognises the importance of broadening participation by historically disadvantaged sectors of the population, supporting small, expanding businesses and cooperatives, and working on the regulatory environment to improve growth.

The department gives effect to the national development plan through the industrial policy action plan and programmes that are aimed at industrialising the economy and broadening participation, which are actualised through policy and the incentive schemes administered by the department. These include incentives and disbursement schemes on vehicle manufacturing, entrepreneurship, women's development, clothing and textile production incentives, manufacturing development incentives, service sector incentives, broadening participation incentives, critical infrastructure, and employment creation. This will be evident by:

- the number of direct jobs facilitated per year through the enterprise investment programme, which are expected to rise from an estimated total of 5 415 in 2013/14 to 7 302 by 2016/17
- the number of companies financially assisted per year through the black business supplier development programme, which are expected to grow from 1 212 in 2012/13 to 2 245 in 2016/17
- the financial assistance of a projected 72 companies over the medium term through the automotive incentive scheme
- the partial financing of critical infrastructure projects such as access roads and water to enable investments by the private sector.

The department also endorses the plan through the industrial policy development to stimulate exports. In line with best practice, the department focuses on diversifying exports and developing a new pool of exporters through integrated trade policy and export facilitation initiatives. Between 2010/11 and 2013/14, through the export market and investment assistance programme, the number of companies that received financial assistance decreased from 1 753 to 959 due to the economic downturn. This is projected to grow to 1 150 in 2016/17 as the department plans to accelerate the programme.

## Expenditure estimates

**Table 36.2 Trade and Industry**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate		Medium-term expenditure estimate			Average growth rate		Expenditure/total:		
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14	Average (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17	Average (%)	2013/14	2016/17
R million															
Administration	480.0	639.4	705.4	725.9	725.9	14.8%	8.4%	706.9	730.7	770.0	2.0%	7.0%			
International Trade and Economic Development	106.9	132.9	132.7	141.6	141.6	9.8%	1.7%	147.2	154.8	163.8	5.0%	1.4%			
Broadening Participation	798.1	887.5	929.7	1 010.3	1 010.3	8.2%	12.0%	1 005.8	1 060.2	1 118.1	3.4%	9.9%			
Industrial Development	1 172.6	1 328.7	1 521.1	1 616.2	1 593.4	10.8%	18.5%	1 796.8	2 078.5	2 192.5	11.2%	18.2%			
Consumer and Corporate Regulation	145.0	218.6	223.6	256.2	256.2	20.9%	2.8%	277.3	286.9	300.8	5.5%	2.7%			
Incentive Development and Administration	2 793.0	3 283.5	4 514.6	5 443.1	5 393.1	24.5%	52.7%	5 540.3	6 246.5	7 050.8	9.3%	57.4%			
Trade and Investment South Africa	301.1	310.4	259.4	322.2	322.2	2.3%	3.9%	360.7	370.1	387.6	6.4%	3.4%			
<b>Total</b>	<b>5 796.7</b>	<b>6 801.0</b>	<b>8 286.4</b>	<b>9 515.6</b>	<b>9 442.8</b>	<b>17.7%</b>	<b>100.0%</b>	<b>9 835.0</b>	<b>10 927.7</b>	<b>11 983.5</b>	<b>8.3%</b>	<b>100.0%</b>			
Change to 2013 Budget estimate				(57.0)	(129.8)			(123.0)	(477.0)	(38.0)					

Table 36.2 Trade and Industry

Economic classification	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17			2013/14 - 2016/17
	R million												
<b>Current payments</b>	<b>990.0</b>	<b>1 160.8</b>	<b>1 264.9</b>	<b>1 527.7</b>	<b>1 527.7</b>	<b>15.6%</b>	<b>16.3%</b>	<b>1 536.4</b>	<b>1 604.9</b>	<b>1 693.5</b>	<b>3.5%</b>	<b>15.1%</b>	
Compensation of employees	514.5	567.0	671.6	818.3	818.3	16.7%	8.5%	916.9	980.9	1 033.9	8.1%	8.9%	
Goods and services	475.2	593.7	592.8	709.4	709.4	14.3%	7.8%	619.6	624.0	659.6	-2.4%	6.2%	
of which:													
Advertising	14.3	32.1	29.3	36.1	36.1	36.2%	0.4%	31.2	32.9	31.9	-4.1%	0.3%	
Consultants and professional services: Business and advisory services	40.3	47.3	37.0	50.1	50.1	7.5%	0.6%	65.3	64.0	67.0	10.2%	0.6%	
Operating leases	191.4	200.0	218.7	252.3	252.3	9.6%	2.8%	196.9	199.7	210.6	-5.9%	2.0%	
Travel and subsistence	78.7	110.4	117.5	134.4	134.4	19.5%	1.5%	113.2	117.9	128.9	-1.4%	1.2%	
Interest and rent on land	0.3	0.1	0.5	-	-	-100.0%	0.0%	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>4 789.2</b>	<b>5 568.1</b>	<b>6 898.9</b>	<b>7 950.0</b>	<b>7 877.2</b>	<b>18.0%</b>	<b>82.9%</b>	<b>8 274.5</b>	<b>9 291.7</b>	<b>10 258.0</b>	<b>9.2%</b>	<b>84.6%</b>	
Departmental agencies and accounts	839.0	1 058.6	1 128.0	1 285.7	1 285.7	15.3%	14.2%	1 347.9	1 456.1	1 532.1	6.0%	13.3%	
Higher education institutions	14.8	14.8	32.6	12.8	12.8	-4.6%	0.2%	15.8	12.5	13.1	0.8%	0.1%	
Foreign governments and international organisations	36.6	40.2	37.3	34.5	34.5	-2.0%	0.5%	35.6	29.0	30.5	-4.1%	0.3%	
Public corporations and private enterprises	3 774.5	4 394.6	5 607.6	6 510.2	6 453.2	19.6%	66.7%	6 736.7	7 651.7	8 529.8	9.7%	69.6%	
Non-profit institutions	122.7	56.1	88.1	104.1	88.3	-10.4%	1.2%	136.8	140.8	150.7	19.5%	1.2%	
Households	1.7	3.8	5.3	2.6	2.6	16.0%	0.0%	1.8	1.7	1.8	-12.2%	0.0%	
<b>Payments for capital assets</b>	<b>15.2</b>	<b>36.5</b>	<b>40.5</b>	<b>37.9</b>	<b>37.9</b>	<b>35.6%</b>	<b>0.4%</b>	<b>24.1</b>	<b>31.0</b>	<b>32.1</b>	<b>-5.4%</b>	<b>0.3%</b>	
Machinery and equipment	12.9	20.1	36.6	13.5	13.5	1.7%	0.3%	12.4	20.8	21.8	17.2%	0.2%	
Software and other intangible assets	2.3	16.4	3.9	24.3	24.3	119.1%	0.2%	11.7	10.3	10.3	-25.0%	0.1%	
<b>Payments for financial assets</b>	<b>2.3</b>	<b>35.6</b>	<b>82.1</b>	<b>0.0</b>	<b>0.0</b>	<b>-92.4%</b>	<b>0.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	
<b>Total</b>	<b>5 796.7</b>	<b>6 801.0</b>	<b>8 286.4</b>	<b>9 515.6</b>	<b>9 442.8</b>	<b>17.7%</b>	<b>100.0%</b>	<b>9 835.0</b>	<b>10 927.7</b>	<b>11 983.5</b>	<b>8.3%</b>	<b>100.0%</b>	

## Personnel information

Table 36.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
<b>Trade and Industry</b>																			
<b>Salary level</b>	<b>1 715</b>	<b>290</b>	<b>1 553</b>	<b>671.6</b>	<b>0.4</b>	<b>1 715</b>	<b>818.3</b>	<b>0.5</b>	<b>1 731</b>	<b>916.9</b>	<b>0.5</b>	<b>1 731</b>	<b>980.9</b>	<b>0.6</b>	<b>1 731</b>	<b>1 033.9</b>	<b>0.6</b>	<b>0.3%</b>	<b>100.0%</b>
1 - 6	251	96	234	88.8	0.4	242	92.7	0.4	250	123.4	0.5	250	137.8	0.6	250	137.5	0.5	1.1%	14.4%
7 - 10	767	130	671	156.8	0.2	785	250.1	0.3	782	264.7	0.3	782	285.4	0.4	782	303.2	0.4	-0.1%	45.3%
11 - 12	402	43	386	206.8	0.5	408	239.2	0.6	410	255.2	0.6	410	272.2	0.7	410	289.7	0.7	0.2%	23.7%
13 - 16	295	21	262	193.4	0.7	280	236.3	0.8	289	273.6	0.9	289	285.6	1.0	289	303.6	1.1	1.1%	16.6%
Other	-	-	-	25.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on implementing incentives, policies, strategies and programmes to promote industrial development, create job opportunities and broaden participation in the economy while transforming it. The incentives make up approximately 70 per cent of the transfers over the medium term and are mainly transferred through the *Incentive Development and Administration* and *Industrial Development* programmes. The bulk of expenditure is within the *Incentive Development and Administration* programme, which makes up just over 57.4 per cent of the department's total budget over the medium term. This is allocated to incentives such as the manufacturing development incentives, which contribute to the development of manufacturing industries, and the special economic zones investment incentives, which attract investment, to further the objectives of the industrial development action plan. In addition, expenditure within

the *Industrial Development* programme, which makes up just over 18.2 per cent of the department's total budget over the medium term, is largely allocated to the clothing and textile production incentive, which provides support to rejuvenate the sector in accordance with the industrial policy action plan.

Expenditure in the *Incentive Development and Administration* programme grew at an average annual rate of 24.5 per cent between 2010/11 and 2013/14. This was mainly due to the implementation of the special economic zones investment incentives scheme programme and the manufacturing competitiveness enhancement programme as part of the economic competitiveness and support package, which was implemented in 2011/12 as a special government intervention to support the economy during the global financial crisis. The special economic zones investment incentives scheme encourages increased investment in South Africa through the provision of infrastructure. The purpose of the manufacturing competitiveness enhancement programme is to improve manufacturing enterprises' competitiveness and support job retention and creation. The department implements this package through transfers to the programmes.

As part of Cabinet approved reductions, the department's allocation is reduced by R638 million over the medium term. The reductions are to be effected mainly in goods and services, on non-core items such as communication, venues and facilities, and travel and subsistence; and the economic competitiveness and support package for the special economic zones investment incentives. The reduction to the special economic zones investment incentives is not expected to negatively affect service delivery as the Special Economic Zones Bill (2013) was not passed in 2013. The deferment will enable the planning process to take shape. The mandate of the department expanded due to revisions in the legislation for broad based black economic empowerment, cooperatives, and the new Special Economic Zones Bill (2013), among others, as well as the implementation of new incentive schemes, which include the manufacturing competitiveness enhancement programme and the special economic zone incentives. As a result, spending on compensation of employees is projected to increase over the medium term, with the establishment growing to 1 731 posts in 2016/17 from a funded establishment of 1 715 posts in 2013/14, of which 290 were additional to the establishment. The additional positions were created to support the department's expanded mandate and deal with capacity requirements. There were 142 vacancies at the end of November 2013, due to resignations and the difficulties experienced in recruiting personnel with the necessary skills. The department has recruitment strategies in place to fast track appointments by 2014/15.

### Infrastructure spending

The department's expenditure on infrastructure relates mainly to the industrial development zones and the critical infrastructure programme.

#### *Mega project: Industrial development zones*

The industrial development zones programme was introduced in 1999 as an incentive scheme to encourage the establishment of industrial development zones to promote foreign direct investment in export oriented industries. The programme had some initial success in meeting its goals, but a review in 2008 showed a number of weaknesses. As a result, the special economic zones strategic framework was developed and encapsulated in the Special Economic Zones Bill (2013). The special economic zones programme will now consist of special economic zones, as well as industrial development zones.

Between 2001/02 and 2012/13, the department transferred R6.1 billion to the Coega, East London and Richards Bay industrial development zones. These funds were used to develop the infrastructure to attract private sector investment in export orientated industries, promote the growth of domestic industries, and create jobs. In the period between 2010/11 and 2012/13, the department held several engagements regarding the Saldanha industrial development zone application, which was designated in August 2013.

The industrial development zones have to date attracted 72 investors and about R17 billion worth of investments. 42 of these projects are already operational. 20 are located in the Coega industrial development zone, 21 in the East London industrial development zone, and 1 in the Richards Bay industrial development zone. Collectively, these industrial development zones created approximately 49 000 direct and indirect jobs.

Over the medium term, the special economic zone investment incentive has a revised allocation of R3.6 billion, reduced by R553 million due to the need to conduct the preparatory work before the project becomes operational. This will be used mainly for conducting pre-feasibility and feasibility studies for the proposed special economic zones in all nine provinces, infrastructure projects in the existing industrial development zones, and newly designated special economic zones through the incentive scheme.

The **Coega industrial development zone** was designated in 2001. Between its inception and March 2013, the department transferred R4.3 billion to the zone for infrastructure projects, and R308 million in 2013/14. The zone currently has 20 operational investors with a value of R1.13 billion; and has created about 40 900 (construction, direct and indirect) jobs. Another 17 investors, with an investment value of R9 billion, have been signed up but are not yet operational on site. In 2012/13, the zone signed up 8 new investors worth R1.7 billion. Sectors active in this zone include agro-processing, general manufacturing, business process services, energy, automotive and petrochemicals. The infrastructure programmes include road construction, earthworks, electricity, water, sewerage, factories and office buildings.

The **East London industrial development zone** was designated in 2001. From inception to March 2013, the department transferred R1.3 billion for infrastructure development to the zone, of which R100 million was allocated for 2013/14. The zone has to date secured 31 investors to the value of R4 billion; 21 of these, worth R1.08 billion, are operational on site. The zone has so far created over 7 500 direct and indirect construction jobs. Its key focus sectors are automotive, marine aquaculture, agro-processing (bio-fuels, food and timber), pharmaceuticals, ICT and electronics, business process services, and the automotive supplier park. In 2012/13, the East London industrial development zone attracted 5 new investments to the value of R284 million.

The **Richards Bay industrial development zone** was designated in 2002 but due to delays related to land, environmental and other issues, only started infrastructure development in 2010/11. The department has to date transferred R331 million for infrastructure expenditure to this zone, with R30 million allocated for 2013/14. The zone's key strategic industrial sectors include aluminium clustering, wood, chemicals and mineral beneficiation. Thus far the industrial development zone has 1 investor worth R800 million (later expanded to R980 million) operational on site and this has created approximately 180 jobs.

The **OR Tambo International Airport industrial development zone** was designated in 2002 and received a provisional operator permit in 2010. The first phase of construction, on 6.1 hectares of land leased from the Airports Company of South Africa, was scheduled to begin in 2013/14, but this has not yet taken place. The department is assisting the Gauteng provincial government in addressing the bottlenecks delaying the progress of the zone. The department's funding for the planned zone will include provision for improved infrastructure.

The **Saldanha Bay industrial development zone** was designated in August 2013. The department will finance initial infrastructure developments in this zone through the special economic zones investment incentive. Infrastructure for which capital is required includes the water demand management programme, bulk sewerage, upgrading of the Saldanha waste water treatment system, public transport facilities, bulk water supply services, solid waste transfer systems, and internal engineering services inside the industrial development zone area.

*Large project: Critical infrastructure development programme*

The critical infrastructure development programme is a cost sharing grant for projects designed to improve critical infrastructure in South Africa. The programme supports infrastructure projects in mining, tourism, manufacturing and services on a reimbursement basis. R330.7 million was spent on this programme between 2010/11 and 2012/13, and R140 million in 2013/14. R570 million is allocated over the medium term for grants subsidising development costs, from a minimum of 10 per cent to a maximum of 30 per cent of qualifying infrastructure projects. The programme expects to provide financial support to 39 enterprises over the medium term, with an estimated project investment value of R19 billion.

## Departmental receipts

Table 36.4 Receipts

R thousand	Audited outcome			Adjusted estimate 2013/14	Revised estimate	Average growth rate (%) 2010/11 - 2013/14	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%) 2013/14 - 2016/17	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2014/15	2015/16	2016/17		
<b>Departmental receipts</b>	<b>35 630</b>	<b>78 707</b>	<b>135 323</b>	<b>89 023</b>	<b>89 205</b>	<b>35.8%</b>	<b>100.0%</b>	<b>96 631</b>	<b>102 777</b>	<b>108 292</b>	<b>6.7%</b>	<b>100.0%</b>
<b>Tax receipts</b>	<b>3 161</b>	<b>3 280</b>	<b>3 719</b>	<b>5 200</b>	<b>5 200</b>	<b>18.0%</b>	<b>4.5%</b>	<b>5 300</b>	<b>5 350</b>	<b>5 400</b>	<b>1.3%</b>	<b>5.4%</b>
<b>Sales of goods and services produced by department</b>	<b>213</b>	<b>350</b>	<b>444</b>	<b>525</b>	<b>391</b>	<b>22.4%</b>	<b>0.4%</b>	<b>413</b>	<b>516</b>	<b>511</b>	<b>9.3%</b>	<b>0.5%</b>
Sales by market establishments	213	189	259	260	125	-16.3%	0.2%	127	215	220	20.7%	0.2%
of which:												
Rental of parking	213	189	259	260	125	-16.3%	0.2%	127	215	220	20.7%	0.2%
Administration fees	-	51	51	-	1	-	-	1	1	1	-	-
of which:												
Request Information in terms of the Access to Information Act (2000)	-	51	51	-	1	-	-	1	1	1	-	-
Other sales	-	110	134	265	265	-	0.2%	285	300	290	3.1%	0.3%
of which:												
Commission on insurance and garnishee orders	-	110	134	210	210	-	0.1%	230	240	230	3.1%	0.2%
Academic service: Registration, tuition and examination fees	-	-	-	55	55	-	-	55	60	60	2.9%	0.1%
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>
of which:												
Waste paper: Recycling of paper: Mondi	-	-	-	-	1	-	-	1	1	1	-	-
<b>Fines, penalties and forfeits</b>	<b>14</b>	<b>189</b>	<b>19</b>	<b>30</b>	<b>195</b>	<b>140.6%</b>	<b>0.1%</b>	<b>195</b>	<b>210</b>	<b>180</b>	<b>-2.6%</b>	<b>0.2%</b>
<b>Interest, dividends and rent on land</b>	<b>513</b>	<b>20 470</b>	<b>39 349</b>	<b>25 032</b>	<b>25 032</b>	<b>265.4%</b>	<b>25.2%</b>	<b>26 000</b>	<b>26 500</b>	<b>27 000</b>	<b>2.6%</b>	<b>26.3%</b>
Interest	513	20 470	39 349	25 032	25 032	265.4%	25.2%	26 000	26 500	27 000	2.6%	26.3%
<b>Sales of capital assets</b>	<b>93</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>17.3%</b>	<b>0.1%</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>10.1%</b>	<b>0.2%</b>
<b>Transactions in financial assets and liabilities</b>	<b>31 636</b>	<b>54 408</b>	<b>91 792</b>	<b>58 236</b>	<b>58 236</b>	<b>22.6%</b>	<b>69.7%</b>	<b>64 522</b>	<b>70 000</b>	<b>75 000</b>	<b>8.8%</b>	<b>67.5%</b>
<b>Total</b>	<b>35 630</b>	<b>78 707</b>	<b>135 323</b>	<b>89 023</b>	<b>89 205</b>	<b>35.8%</b>	<b>100.0%</b>	<b>96 631</b>	<b>102 777</b>	<b>108 292</b>	<b>6.7%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 36.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Ministry	30.0	37.7	36.8	40.3	10.3%	5.7%	40.7	42.6	44.4	3.3%	5.7%
Office of the Director General	49.6	66.9	59.6	80.7	17.6%	10.1%	89.0	97.9	103.7	8.7%	12.7%
Corporate Services	313.2	376.7	401.6	427.9	11.0%	59.6%	387.3	406.2	429.6	0.1%	56.3%
Office Accommodation	7.8	8.3	2.2	-	-100.0%	0.7%	9.7	10.2	10.7	-	1.0%
Financial Management	35.1	69.8	120.7	65.4	23.1%	11.4%	91.3	80.2	82.5	8.1%	10.9%
Media Relations and Public Relations	4.6	4.6	6.0	14.1	45.0%	1.1%	17.6	18.3	19.5	11.4%	2.4%
Communications	39.6	75.5	78.5	97.6	35.1%	11.4%	71.2	75.4	79.6	-6.6%	11.0%
<b>Total</b>	<b>480.0</b>	<b>639.4</b>	<b>705.4</b>	<b>725.9</b>	<b>14.8%</b>	<b>100.0%</b>	<b>706.9</b>	<b>730.7</b>	<b>770.0</b>	<b>2.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				35.9			(13.7)	(17.6)	3.2		

#### Economic classification

<b>Current payments</b>	<b>464.2</b>	<b>571.6</b>	<b>589.9</b>	<b>715.2</b>	<b>15.5%</b>	<b>91.8%</b>	<b>694.5</b>	<b>712.8</b>	<b>751.2</b>	<b>1.7%</b>	<b>98.0%</b>
Compensation of employees	151.6	178.1	203.1	251.0	18.3%	30.7%	280.9	287.8	307.9	7.0%	38.4%
Goods and services	312.3	393.5	386.3	464.2	14.1%	61.0%	413.5	425.0	443.3	-1.5%	59.5%
of which:											
Advertising	10.8	29.6	25.6	32.4	44.0%	3.9%	28.1	29.7	31.0	-1.4%	4.1%
Consultants and professional services: Business and advisory services	15.0	16.0	9.6	20.5	10.8%	2.4%	24.6	26.8	27.0	9.7%	3.4%
Operating leases	175.3	182.4	199.0	233.3	10.0%	31.0%	187.0	191.0	200.7	-4.9%	27.7%
Travel and subsistence	17.2	28.3	30.3	32.4	23.6%	4.2%	34.3	37.2	38.8	6.2%	4.9%
Interest and rent on land	0.3	0.1	0.5	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>3.5</b>	<b>7.0</b>	<b>4.0</b>	<b>2.7</b>	<b>-8.5%</b>	<b>0.7%</b>	<b>2.5</b>	<b>2.4</b>	<b>2.6</b>	<b>-2.1%</b>	<b>0.3%</b>
Public corporations and private enterprises	2.6	4.6	0.7	0.7	-36.0%	0.3%	0.7	0.8	0.8	5.6%	0.1%
Households	0.9	2.4	3.4	2.0	29.1%	0.3%	1.8	1.7	1.8	-5.0%	0.2%

Table 36.5 Administration

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Payments for capital assets</b>	<b>9.9</b>	<b>26.0</b>	<b>31.1</b>	<b>8.0</b>	<b>-6.8%</b>	<b>2.9%</b>	<b>10.0</b>	<b>15.5</b>	<b>16.2</b>	<b>26.5%</b>	<b>1.7%</b>
Machinery and equipment	7.7	13.5	28.5	7.2	-1.9%	2.2%	6.8	15.2	16.0	30.4%	1.5%
Software and other intangible assets	2.3	12.5	2.6	0.8	-28.9%	0.7%	3.2	0.2	0.2	-33.4%	0.2%
<b>Payments for financial assets</b>	<b>2.3</b>	<b>34.8</b>	<b>80.4</b>	<b>-</b>	<b>-100.0%</b>	<b>4.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>480.0</b>	<b>639.4</b>	<b>705.4</b>	<b>725.9</b>	<b>14.8%</b>	<b>100.0%</b>	<b>706.9</b>	<b>730.7</b>	<b>770.0</b>	<b>2.0%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>8.3%</b>	<b>9.4%</b>	<b>8.5%</b>	<b>7.6%</b>			<b>7.2%</b>	<b>6.7%</b>	<b>6.4%</b>		

## Details of selected transfers and subsidies

Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	2.6	4.6	0.7	0.7	-36.0%	0.3%	0.7	0.8	0.8	5.6%	0.1%
Industrial Development Corporation: Fund for research into industrial development, growth and equity	2.6	4.6	0.7	0.7	-36.0%	0.3%	0.7	0.8	0.8	5.6%	0.1%

## Personnel information

Table 36.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14			2014/15		2015/16		2016/17		2013/14 - 2016/17					
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost				Unit Cost		
Salary level	595	115	578	203.1	0.4	595	251.0	0.4	595	280.9	0.5	595	287.8	0.5	595	307.9	0.5	-	100.0%
1 - 6	167	56	165	17.5	0.1	167	30.1	0.2	167	31.3	0.2	167	32.0	0.2	167	34.2	0.2	-	28.1%
7 - 10	230	39	221	47.4	0.2	230	85.7	0.4	230	91.4	0.4	230	93.7	0.4	230	100.4	0.4	-	38.7%
11 - 12	124	13	130	64.0	0.5	124	70.6	0.6	124	77.9	0.6	124	79.9	0.6	124	85.1	0.7	-	20.8%
13 - 16	74	7	62	48.5	0.8	74	64.7	0.9	74	80.4	1.1	74	82.2	1.1	74	88.2	1.2	-	12.4%
Other	-	-	-	25.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on providing high quality corporate management services support to the department through sustainable and integrated resource solutions and services. Thus, expenditure on goods and services and compensation of employees will continue to drive spending, led by the *Corporate Services* and the *Office of the Director General* subprogrammes to ensure operational efficacy. The bulk of the allocation for goods and services across the seven-year period is for operating leases, consultants, and travel and subsidies. Spending in the *Communication* subprogramme is expected to decrease over the medium term due to the shifting of the media relations and public relations functions from this subprogramme to become a new separate subprogramme.

Between 2010/11 and 2013/14, the *Corporate Services* subprogramme accounted for 59.6 per cent of the programme spend mainly to provide for the payment of the operating lease for the department's accommodation. Expenditure in this subprogramme and on the operating leases is expected to continue to take up the bulk of the programme's allocation over the medium term. However, expenditure on goods and services is expected to decline over this period as the department implements the approved Cabinet approved reductions of R30 million on goods and services such as contractors and venues and facilities. The department will manage the reduction by implementing cost-cutting measures to ensure that they do not adversely affect service delivery.

Spending on compensation of employees is projected to grow moderately over the medium term due to improved conditions of service. The programme has a total of 595 funded posts, with 36 vacancies at the end

of November 2013. The vacancies are due to high turnover and the difficulties experienced in recruiting qualified staff in light of the skills shortage.

Expenditure on consultants is expected to grow over the medium term as their services are required particularly within the *Corporate Services* subprogramme to serve the department's ICT needs; and within the *Office of the Director General* subprogramme for economic research and policy coordination, and to provide high quality corporate management services support to the department.

## Programme 2: International Trade and Economic Development

### Objectives

- Promote African economic integration and development at bilateral, regional and continental levels by:
  - advancing development integration in the Southern African Customs Union and the Southern African Development Community (SADC) free trade area with the Africa regional development programme to be implemented in 2014/15
  - launching the SADC-East African community common market free trade area in 2014/15.
- Advance South Africa's trade, industrial policy and economic development objectives through cooperation with key economies to address tariff and non-tariff barriers that inhibit South African value added exports in 2014/15.
- Build national consensus around trade and investment policy, strategy and negotiation by strengthening research and national consultation for agreed national trade and investment policy positions in 2014/15.

### Subprogrammes

- *International Trade Development* facilitates bilateral and multilateral trade relations and agreements. In 2012/13, South Africa was represented at the economic partnership agreement negotiations to establish a common trade in goods arrangement between the Southern African Customs Union and the European Union (EU). In 2013/14, trade negotiations should be finalised with the EU under the economic partnership agreement with the South African Customs Union, and also between India and the SADC. Transfer payments are made annually to the Organisation for the Prohibition of Chemical Weapons, and to Protechnik Laboratories, an Armaments Corporation of South Africa institute, as part of South Africa's contribution to international non-proliferation treaties and regimes; and to the World Trade Organisation for membership fees. This subprogramme had a staff complement of 100 in 2013/14.
- *African Economic Development* facilitates bilateral and multilateral African trade relations aimed at deepening regional integration. In 2012/13, work was undertaken within the Southern African Customs Union to design and implement a five-point plan for regional industrial development. In 2013/14, work continued on the implementation of the union's five-point work programme. Transfer payments are made quarterly to the Development Bank of Southern Africa for regional spatial development initiatives. This subprogramme had a staff complement of 51 at the end of November 2013.

### Expenditure estimates

**Table 36.7 International Trade and Economic Development**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
International Trade Development	63.6	72.9	81.9	90.6	12.5%	60.1%	91.2	95.2	101.8	3.9%	62.4%
African Economic Development	43.4	60.0	50.8	51.0	5.6%	39.9%	56.0	59.6	62.0	6.7%	37.6%
<b>Total</b>	<b>106.9</b>	<b>132.9</b>	<b>132.7</b>	<b>141.6</b>	<b>9.8%</b>	<b>100.0%</b>	<b>147.2</b>	<b>154.8</b>	<b>163.8</b>	<b>5.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				3.0			(3.5)	(2.1)	-		

**Table 36.7 International Trade and Economic Development**

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17	2013/14 - 2016/17
	R million												
<b>Current payments</b>	<b>75.8</b>	<b>98.9</b>	<b>96.7</b>	<b>104.5</b>	<b>11.3%</b>	<b>73.1%</b>	<b>102.5</b>	<b>112.6</b>	<b>119.3</b>	<b>4.5%</b>	<b>72.3%</b>		
Compensation of employees	53.5	63.5	71.8	75.7	12.3%	51.4%	82.0	85.0	90.6	6.2%	54.9%		
Goods and services	22.3	35.4	24.8	28.9	9.0%	21.7%	20.6	27.6	28.8	-0.1%	17.4%		
<i>of which:</i>													
Advertising	0.2	0.5	–	–	-100.0%	0.1%	–	–	–	–	–		
Consultants and professional services:	0.9	0.5	0.9	1.2	9.2%	0.7%	0.6	1.9	2.0	20.1%	0.9%		
Business and advisory services													
Operating leases	0.1	0.1	0.1	0.0	-22.4%	0.1%	–	0.2	0.2	72.6%	0.1%		
Travel and subsistence	14.6	24.5	18.6	19.9	10.7%	15.1%	16.7	20.1	21.1	2.0%	12.8%		
<b>Transfers and subsidies</b>	<b>30.6</b>	<b>33.3</b>	<b>35.6</b>	<b>36.6</b>	<b>6.1%</b>	<b>26.5%</b>	<b>43.8</b>	<b>41.4</b>	<b>43.6</b>	<b>6.0%</b>	<b>27.2%</b>		
Foreign governments and international organisations	10.8	12.4	13.1	15.2	12.1%	10.0%	19.3	15.8	16.6	2.9%	11.0%		
Public corporations and private enterprises	19.7	20.8	22.3	21.3	2.5%	16.4%	24.5	25.6	27.0	8.2%	16.2%		
Households	0.1	0.1	0.1	0.0	-5.6%	0.1%	–	–	–	-100.0%	–		
<b>Payments for capital assets</b>	<b>0.5</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>	<b>-1.3%</b>	<b>0.4%</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>	<b>17.2%</b>	<b>0.5%</b>		
Machinery and equipment	0.5	0.7	0.5	0.5	-1.3%	0.4%	0.9	0.8	0.8	15.4%	0.5%		
<b>Total</b>	<b>106.9</b>	<b>132.9</b>	<b>132.7</b>	<b>141.6</b>	<b>9.8%</b>	<b>100.0%</b>	<b>147.2</b>	<b>154.8</b>	<b>163.8</b>	<b>5.0%</b>	<b>100.0%</b>		
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>1.8%</b>	<b>2.0%</b>	<b>1.6%</b>	<b>1.5%</b>			<b>1.5%</b>	<b>1.4%</b>	<b>1.4%</b>				

**Details of selected transfers and subsidies**

Foreign governments and international organisations											
Current	10.8	12.4	13.1	15.2	12.1%	10.0%	19.3	15.8	16.6	2.9%	11.0%
Organisation for the Prohibition of Chemical Weapons	2.3	2.6	3.0	4.2	22.2%	2.4%	4.5	4.7	4.9	5.3%	3.0%
World Trade Organisation	8.5	9.7	10.2	10.0	5.6%	7.5%	10.6	11.1	11.7	5.3%	7.2%
Council for Geosciences	–	–	–	1.0	–	0.2%	1.0	–	–	-100.0%	0.3%
Comprehensive Nuclear Test-Ban Treaty Organisation	–	–	–	–	–	–	3.2	–	–	–	0.5%
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	18.7	19.8	20.9	19.4	1.2%	15.3%	23.4	24.5	25.8	9.8%	15.3%
Development Bank of Southern Africa: Regional spatial development initiative	16.5	17.5	18.5	16.6	0.2%	13.4%	20.7	21.7	22.8	11.2%	13.5%
Protechnik Laboratories	2.2	2.3	2.4	2.8	8.0%	1.9%	2.7	2.8	2.9	1.3%	1.9%
Capital	1.0	1.0	1.4	1.9	22.9%	1.0%	1.1	1.2	1.2	-13.1%	0.9%
Protechnik Laboratories	1.0	1.0	1.4	1.9	22.9%	1.0%	1.1	1.2	1.2	-13.1%	0.9%

**Personnel information****Table 36.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

International Trade and Economic Development	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Salary level	151	1	152	71.8	0.5	151	75.7	0.5	151	82.0	0.5	151	85.0	0.6	151	90.6	0.6	–	100.0%
1 – 6	1	–	1	0.2	0.2	1	0.1	0.1	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	–	9.0%
7 – 10	68	1	69	18.7	0.3	68	17.7	0.3	68	19.4	0.3	68	20.2	0.3	68	21.4	0.3	–	35.1%
11 – 12	47	–	47	25.9	0.6	47	27.6	0.6	47	29.4	0.6	47	31.0	0.7	47	32.8	0.7	–	28.4%
13 – 16	35	–	35	27.0	0.8	35	30.3	0.9	35	33.0	0.9	35	33.6	1.0	35	36.2	1.0	–	27.6%

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

2. Rand million.

**Expenditure trends**

The spending focus over the medium term will be on developing international trade relations and facilitating African economic development initiatives to build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives. This accounts for the significant

spending over the medium term on compensation of employees, transfers to international bodies, and travel and subsistence. In addition, spending on compensation of employees on the programme's funded establishment of 151 posts at the end of November 2013 is projected to increase slightly over the medium term to ensure that the salaries of the personnel who perform these knowledge intensive activities remain competitive. Spending over this period is to ensure that the department reaches its target of 19 technical business missions and government-to-government platforms planned in 2016/17. These activities are carried out by the *International Trade and Development* subprogramme, where spending is projected to increase moderately as expenditure on travel and subsistence to represent the country in international trade negotiations is set to increase to R21.1 million by 2016/17. Expenditure in this subprogramme increased at an average annual rate of 12.5 per cent between 2010/11 and 2013/14, as the department was involved in trade negotiations with the European Union to establish a common trade in goods arrangement between the Southern African Customs Union and the EU.

At the end of November 2013, the programme had 10 vacancies, mainly due to the turnover of staff whose skills are in demand in the market. To give effect to Cabinet approved budget reductions, the department is to reduce spending on goods and services by R2.5 million over the medium term. The reductions are to be effected in spending on items such as communication, consultants, contractors, and venues and facilities. This will not impact negatively on the programme's service delivery as the reduction is insignificant compared to the total programme budget.

## **Programme 3: Broadening Participation**

### **Objectives**

- Enhance economic growth and employment through fostering the growth of small, medium and micro enterprises and cooperatives by:
  - strengthening the establishment of 24 new incubators and support for 42 existing incubators by 2016/17
  - facilitating an increase in the number of small medium and micro enterprises (SMMEs) receiving business development support from the Small Enterprise Development Agency through its technology programme to 3 052 over the medium term, and the creation of 970 new enterprises over the medium term
  - coordinating the establishment of small scale cooperatives through the implementation of the Cooperatives Amendment Act (2013) to contribute to poverty reduction over the medium term
  - promoting entrepreneurship through the creation and support of centres of entrepreneurship over the medium term
  - supporting 80 industrial innovation projects and enabling 5 058 students to participate in the development of new technologies over the medium term.
- Phase in the implementation of the national informal business upliftment strategy to create an enabling environment for the mainstreaming and competitiveness of the informal business sector, by convening stakeholder workshops on the policy documents and the strategy, with 2 reviews in 2014.
- Facilitate financial and non-financial support for youth enterprises through the implementation of the youth enterprise development strategy by developing action plans on a quarterly basis over the medium term.
- Strengthen the department's capacity to implement the Broad Based Black Economic Empowerment Act (2003) by developing an action plan and convening stakeholder workshops in 2014, and establishing a broad based black economic empowerment commission by 2015/16.

### **Subprogrammes**

- *Enterprise Development* is discussed in more detail below.
- *Equity and Empowerment* promotes broad based black economic empowerment (BEE) and women empowerment. Transfer payments are made to organisations that support entrepreneurial empowerment and transformation, such as the Isivande Women's Fund, which provides affordable finance to all sectors of the economy with particular emphasis on rural enterprises, and the South African Women Entrepreneurs' Network, which supports women entrepreneurship by developing networking facilities. In 2012/13, the black economic empowerment (BEE) legislation and codes of good practice were reviewed to support an

environment for restructuring the South African economy to enable the meaningful participation of black people, women, youth, and people living with disabilities. The 2012 Broad-Based Black Economic Empowerment Amendment Bill was endorsed by the portfolio committee on trade and industry in 2013/14. This subprogramme had a staff complement of 33 at the end of November 2013.

- *Regional Economic Development* promotes spatially balanced economic development and productivity improvements by developing policies, strategies and programmes that focus on underdeveloped regions. In 2012/13, the regional industrial development strategy was developed. The strategy aims to unlock the economic potential of lagging regions and facilitate their industrialisation. In 2013/14, the strategy was implemented in phases with the focus being on completing 50 per cent of the special economic zones pre-feasibility studies. In addition, transfer payments were made to the University of Johannesburg's capacity building programme for economic development. The programme is contributing towards broadening and deepening the pool of skills required to support economic development, primarily at a local government level. This subprogramme had a staff complement of 39 at the end of November 2013.

## Expenditure estimates

**Table 36.9 Broadening Participation**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate		Medium-term expenditure estimate			Average growth rate		Expenditure/total: Average	
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	Average (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17	Average (%)
R million													
Enterprise Development	732.2	816.8	846.2	930.4	8.3%	91.7%	902.5	947.3	999.4	2.4%	90.1%		
Equity and Empowerment	39.5	36.0	32.9	39.6	-	4.1%	52.9	58.5	63.5	17.0%	5.1%		
Regional Economic Development	26.4	34.7	50.6	40.3	15.2%	4.2%	50.5	54.4	55.2	11.1%	4.8%		
<b>Total</b>	<b>798.1</b>	<b>887.5</b>	<b>929.7</b>	<b>1 010.3</b>	<b>8.2%</b>	<b>100.0%</b>	<b>1 005.8</b>	<b>1 060.2</b>	<b>1 118.1</b>	<b>3.4%</b>	<b>100.0%</b>		
Change to 2013 Budget estimate				42.0			1.8	5.3	-				

### Economic classification

<b>Current payments</b>	<b>62.0</b>	<b>77.9</b>	<b>89.4</b>	<b>107.3</b>	<b>20.0%</b>	<b>9.3%</b>	<b>105.8</b>	<b>117.2</b>	<b>123.6</b>	<b>4.8%</b>	<b>10.8%</b>
Compensation of employees	41.0	49.5	57.5	74.2	21.9%	6.1%	75.2	90.6	94.5	8.4%	8.0%
Goods and services	21.1	28.4	31.9	33.1	16.3%	3.2%	30.6	26.6	29.1	-4.2%	2.8%
of which:											
Advertising	0.9	0.0	0.1	0.6	-10.7%	-	0.4	0.5	0.1	-40.9%	-
Consultants and professional services:	6.5	8.6	7.1	3.4	-19.2%	0.7%	12.1	9.0	9.6	41.2%	0.8%
Business and advisory services											
Operating leases	0.2	0.1	0.2	0.3	23.3%	-	0.3	0.4	0.4	9.0%	-
Travel and subsistence	7.0	12.1	16.7	16.1	31.7%	1.4%	8.8	8.6	11.0	-11.9%	1.1%
<b>Transfers and subsidies</b>	<b>735.5</b>	<b>808.7</b>	<b>839.6</b>	<b>901.8</b>	<b>7.0%</b>	<b>90.6%</b>	<b>899.3</b>	<b>942.2</b>	<b>993.7</b>	<b>3.3%</b>	<b>89.1%</b>
Departmental agencies and accounts	640.1	726.8	761.3	823.9	8.8%	81.4%	799.4	842.4	887.0	2.5%	79.9%
Higher education institutions	-	-	10.0	12.8	-	0.6%	15.7	12.5	13.1	0.8%	1.3%
Public corporations and private enterprises	85.0	78.5	59.7	56.4	-12.8%	7.7%	67.8	70.7	74.4	9.7%	6.4%
Non-profit institutions	10.3	3.1	7.9	8.3	-6.8%	0.8%	16.3	16.7	19.1	31.9%	1.4%
Households	0.1	0.4	0.7	0.3	42.9%	-	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>0.5</b>	<b>0.8</b>	<b>0.7</b>	<b>1.2</b>	<b>33.4%</b>	<b>0.1%</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>-14.7%</b>	<b>0.1%</b>
Machinery and equipment	0.5	0.8	0.6	1.2	33.4%	0.1%	0.7	0.7	0.7	-14.7%	0.1%
Software and other intangible assets	-	-	0.1	-	-	-	-	-	-	-	-
<b>Total</b>	<b>798.1</b>	<b>887.5</b>	<b>929.7</b>	<b>1 010.3</b>	<b>8.2%</b>	<b>100.0%</b>	<b>1 005.8</b>	<b>1 060.2</b>	<b>1 118.1</b>	<b>3.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>13.8%</b>	<b>13.0%</b>	<b>11.2%</b>	<b>10.6%</b>			<b>10.2%</b>	<b>9.7%</b>	<b>9.3%</b>		

### Details of selected transfers and subsidies

Departmental agencies and accounts	Audited outcome			Adjusted appropriation	Average growth rate		Medium-term expenditure estimate			Average growth rate		Expenditure/total: Average	
Departmental agencies (non-business entities)	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	Average (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17	Average (%)
<b>Current</b>	<b>640.1</b>	<b>726.8</b>	<b>761.3</b>	<b>823.9</b>	<b>8.8%</b>	<b>81.4%</b>	<b>799.4</b>	<b>842.4</b>	<b>887.0</b>	<b>2.5%</b>	<b>79.9%</b>		
Small Enterprise Development Agency	401.6	441.5	441.6	525.4	9.4%	49.9%	498.3	527.5	555.4	1.9%	50.2%		
Small Enterprise Development Agency: Technology programme	76.0	120.0	153.0	123.3	17.5%	13.0%	126.4	132.2	139.2	4.1%	12.4%		
National Research Foundation: Technology and human resources for industry programme	151.0	155.0	157.0	161.6	2.3%	17.2%	165.6	174.6	183.9	4.4%	16.3%		
National Productivity Institute: Workplace Challenge	11.5	9.5	8.2	13.7	5.9%	1.2%	9.2	8.1	8.5	-14.5%	0.9%		
Independent Regulatory Board of Auditors	-	0.8	1.5	-	-	0.1%	-	-	-	-	-		

**Table 36.9 Broadening Participation**

Details of selected transfers and subsidies	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17	2013/14 - 2016/17
	R million												
<b>Higher education institutions</b>													
<b>Current</b>	-	-	10.0	12.8	-	0.6%	15.7	12.5	13.1	0.8%	1.3%		
University of Johannesburg: Capacity building programme for economic development	-	-	10.0	12.8	-	0.6%	15.7	12.5	13.1	0.8%	1.3%		
<b>Public corporations and private enterprises</b>													
<b>Public corporations</b>													
<b>Public corporations - subsidies on products and production</b>													
<b>Current</b>	-	3.0	2.0	1.5	-	0.2%	1.5	1.6	1.7	3.3%	0.1%		
Council for Scientific and Industrial Research: Fibre and textile centre of excellence	-	3.0	2.0	1.5	-	0.2%	1.5	1.6	1.7	3.3%	0.1%		
<b>Other transfers to public corporations</b>													
<b>Current</b>	10.5	10.7	-	1.0	-54.3%	0.6%	11.2	11.3	11.8	128.0%	0.8%		
Industrial Development Corporation: Isivande women's fund	10.5	10.7	-	1.0	-54.3%	0.6%	11.2	11.3	11.8	128.0%	0.8%		
<b>Capital</b>	74.5	64.8	57.7	53.9	-10.2%	6.9%	55.2	57.8	60.9	4.2%	5.4%		
Industrial Development Corporation: Support Programme for Industrial Innovation	74.5	59.8	52.7	53.9	-10.2%	6.6%	55.2	57.8	60.9	4.2%	5.4%		
Industrial Development Corporation: Technology venture capital	-	5.0	5.0	0.0	-	0.3%	0.0	-	-	-100.0%	-		
<b>Non-profit institutions</b>													
<b>Current</b>	10.3	3.1	7.9	8.3	-6.8%	0.8%	16.3	16.7	19.1	31.9%	1.4%		
South African Women Entrepreneurs Network	10.3	3.1	7.9	8.3	-6.8%	0.8%	16.3	16.7	19.1	31.9%	1.4%		

## Personnel information

**Table 36.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Broadening Participation	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual						Revised estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15			2015/16					2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
Salary Level	134	18	133	57.5	0.4	134	74.2	0.6	134	75.2	0.6	134	90.6	0.7	134	94.5	0.7	-	100.0%
1 - 6	12	6	9	0.7	0.1	12	2.4	0.2	12	2.4	0.2	12	2.5	0.2	12	2.2	0.2	-	9.0%
7 - 10	47	3	33	7.8	0.2	47	18.7	0.4	47	16.5	0.4	47	20.3	0.4	47	20.4	0.4	-	35.1%
11 - 12	38	5	38	27.8	0.7	38	29.5	0.8	38	28.7	0.8	38	31.2	0.8	38	33.0	0.9	-	28.4%
13 - 16	37	4	53	21.3	0.4	37	23.7	0.6	37	27.6	0.7	37	36.6	1.0	37	38.9	1.1	-	27.6%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on: broadening economic participation and employment by financing the development of small enterprises, promoting entrepreneurship and small enterprise development, and giving effect to the provisions of the amended Co-operatives Act (2005); and implementing policies, legislation and strategies, such as the amended broad based black economic empowerment legislation, the national strategic framework on gender and women economic empowerment and the regional industrial development strategy, in the *Regional Economic Development* and *Equity and Empowerment* subprogrammes.

At 79.9 per cent of the total budget, transfers to departmental agencies and accounts are the largest spending item over the medium term. These are largely undertaken in the *Enterprise Development* subprogramme and take the form of transfers to aid small enterprises, incubation, and technological skills, among others. More information about this is provided below under the selected subprogramme discussion. Compensation of employees is the second largest item of expenditure in this programme over the seven-year period due to the

labour intensive work of the programme, with significant growth in expenditure notable between 2010/11 and 2013/14 for capacitating the programme. Spending on compensation of employees is projected to increase over the medium term to provide for improved conditions of service. At the end of November 2013, the programme had an approved establishment of 134 posts and 18 additional posts, with 9 vacancies. Vacant posts were mainly due to staff turnover and natural attrition.

While expenditure on goods and services is set to decline over the medium term to give effect to Cabinet approved budget reductions, the department has implemented cost-cutting measures with reductions in spending on contractors, venues and facilities. However, expenditure on consultants is set to grow significantly over the medium term for legislative drafting and review; research, monitoring and evaluation; feasibility studies; and trend analysis. These are all functions for which the skills are not available internally.

## Subprogramme: Enterprise Development

This subprogramme creates an enabling environment conducive to the development and growth of informal businesses, SMMEs and cooperative enterprises. It also provides a broad range of business development support. In 2012/13, the incubation support programme was introduced with a view to establishing 250 incubators by 2015/2016. In 2012/13, 13 applications were approved with a total project value of R373 million in sectors ranging from renewable energy, ICT, agro-processing, chemicals, mining, and clothing and textiles. At the end of September 2013, applications to the value of approximately R410 million had been approved, with a total value of investment to be made of R817 million, and over 19 500 jobs to be created.

In 2012/13, the Co-operatives Act (2005) was reviewed with the aim of enhancing institutional mechanisms by establishing the cooperatives development departmental component, which will provide business development support to cooperatives; and establishing a cooperatives tribunal, which will adjudicate disputes. In August 2013, the president approved the Co-operatives Amendment Act (2013). In addition, the guidelines and programme for red tape reduction were launched in the second quarter of 2013/14, to provide a supportive regulatory environment for SMME entrepreneurship.

50 per cent of total transfers go to the Small Enterprise Development Agency, which provides non-financial business development and support services to small enterprises, and 16 per cent to the agency's technology programme. Other large transfers are made to the National Research Foundation technology for human resources and industry programme, and the Industrial Development Corporation of South Africa support programme for industrial innovation. The subprogramme had a funded establishment of 62 in 2013/14.

## Expenditure estimates

**Table 36.11 Enterprise Development**

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Current payments</b>	<b>17.5</b>	<b>22.6</b>	<b>26.3</b>	<b>50.9</b>	<b>42.9%</b>	<b>3.5%</b>	<b>46.2</b>	<b>45.3</b>	<b>49.6</b>	<b>-0.9%</b>	<b>5.1%</b>
Compensation of employees	10.7	12.9	16.8	39.0	54.0%	2.4%	39.5	41.6	44.3	4.3%	4.3%
Goods and services	6.8	9.7	9.5	11.9	20.7%	1.1%	6.7	3.7	5.3	-23.7%	0.7%
<i>of which:</i>											
Advertising	0.1	-	-	0.5	88.1%	-	-	0.0	0.0	-68.0%	-
Consultants and professional services:	3.7	5.5	1.0	1.3	-29.1%	0.3%	1.9	0.4	0.6	-24.8%	0.1%
Business and advisory services											
Operating leases	0.0	0.1	0.1	0.1	58.7%	-	0.2	0.2	0.2	2.2%	-
Travel and subsistence	2.1	3.2	6.2	5.2	36.0%	0.5%	2.8	1.9	3.3	-13.9%	0.3%
<b>Transfers and subsidies</b>	<b>714.6</b>	<b>794.0</b>	<b>819.8</b>	<b>879.3</b>	<b>7.2%</b>	<b>96.5%</b>	<b>856.0</b>	<b>901.8</b>	<b>949.6</b>	<b>2.6%</b>	<b>94.9%</b>
Departmental agencies and accounts	640.1	726.0	759.8	823.9	8.8%	88.7%	799.4	842.4	887.0	2.5%	88.7%
Public corporations and private enterprises	74.5	67.8	59.7	55.4	-9.4%	7.7%	56.7	59.4	62.5	4.2%	6.2%
Households	-	0.2	0.3	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.3</b>	<b>0.1</b>	<b>0.2</b>	<b>29.9%</b>	<b>-</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>5.0%</b>	<b>-</b>
Machinery and equipment	0.1	0.3	0.1	0.2	29.9%	-	0.2	0.2	0.2	5.0%	-
<b>Total</b>	<b>732.2</b>	<b>816.8</b>	<b>846.2</b>	<b>930.4</b>	<b>8.3%</b>	<b>100.0%</b>	<b>902.5</b>	<b>947.3</b>	<b>999.4</b>	<b>2.4%</b>	<b>100.0%</b>
<b>Proportion of total sub-programme expenditure to programme expenditure</b>	<b>91.7%</b>	<b>92.0%</b>	<b>91.0%</b>	<b>92.1%</b>			<b>89.7%</b>	<b>89.4%</b>	<b>89.4%</b>		

## Personnel information

**Table 36.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014			Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost	
<b>Enterprise Development</b>			52	16.8	0.3	62	39.0	0.6	62	39.5	0.6	63	41.6	0.66	63	44.3	0.70	0.5%	100.0%
<b>Salary Level</b>	62	9																	
1 – 6	4	4	–	0.4	–	4	0.4	0.1	4	0.4	0.1	4	0.4	0.1	4	0.5	0.1	–	6.4%
7 – 10	23	1	22	5.5	0.3	24	5.9	0.2	24	6.3	0.3	24	6.6	0.3	24	6.9	0.3	–	38.4%
11 – 12	17	2	15	9.1	0.6	16	9.7	0.6	16	10.3	0.7	16	10.9	0.7	16	11.5	0.7	–	25.6%
13 – 16	18	2	15	14.3	1.0	18	15.2	0.9	18	16.2	0.9	19	17.1	0.9	19	18.0	1.0	1.8%	29.6%
Other	–	–	–	(12.5)	–	–	7.9	–	–	6.3	–	–	6.5	–	–	7.4	–	–	–

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on expanding the contribution of SMMEs and cooperative enterprises to job creation and economic growth by funding technology and skills development programmes, promoting centres of entrepreneurship, and implementing the informal business upliftment and youth enterprise development strategies. The funding is provided by way of transfers to the Small Enterprise Development Agency and the National Research Foundation. The agency provides non-financial business development and support services to SMMEs, and supports early technology ventures aimed at increasing competitiveness through the small enterprise development technology programme, which is projected to increase the number of technology incubators supported from 42 in 2013/14 to 60 in 2016/17, and to create 970 new enterprises over the medium term. The transfer to the foundation supports research and technology development through the technology for human resources programme, with a target of skills being transferred to 2 000 students and 800 researchers by 2016/17.

Due to the new cooperative development departmental component, and the need to increase capacity, spending on compensation of employees grew by 54 per cent between 2010/11 and 2013/14, and is expected to grow modestly over the medium term. To give effect to Cabinet approved budget reductions, the department is to spending on goods and services over the medium term. This subprogramme had a total of 62 funded posts to the establishment at the end of November 2013, and 6 vacancies, which will be filled by 2014/15.

## Programme 4: Industrial Development

### Objectives

- To achieve its objectives, the Industrial Development programme requires advocacy work, and the development and deployment of industrial policy instruments to prevent industrial decline. The programme will support the growth and diversification of South Africa's manufacturing sector by:
  - facilitating diversification beyond the current reliance on traditional commodities and non-tradable services in priority sectors over the medium term
  - promoting the long term intensification of South Africa's industrialisation process and movement towards a knowledge economy on an ongoing basis
  - promoting a more labour absorbing industrialisation path with a particular emphasis on tradable labour absorbing goods and services, and economic linkages that catalyse employment creation over the medium term
  - promoting a broader based industrialisation path characterised by increased participation in the mainstream of the industrial economy over the medium term of historically disadvantaged people and marginalised regions

- contributing to industrial development on the African continent, with a strong emphasis on building its productive capacity over the medium term.
- Specific interventions contained in the three-year industrial policy action plan, which is produced and reviewed annually, include the development of sector specific action plans to expand value added activities in existing and new sectors of the economy; the deployment of skills initiatives to support industrial development; and the creation of economic benefits for South African industries by leveraging off government procurement.

## Subprogrammes

- *Industrial Competitiveness* develops policies, strategies and programmes to strengthen the ability of manufacturing, and other value adding sectors, to create decent jobs, and increase value addition and competitiveness in domestic and export markets, as set out in the annual three-year rolling industrial policy action plan. The fourth industrial policy action plan was launched in April 2013, setting out transversal and sector specific programmes and key action plans with time bound milestones. Transfer payments are made to various public entities, including the South African Bureau of Standards, the National Metrology Institute of South Africa, the National Regulator for Compulsory Specifications, the South African National Accreditation System, the Council for Scientific and Industrial Research for the national cleaner production centre of South Africa, and Proudly South African. This subprogramme had a staff complement of 55 at the end of November 2013.
- *Customised Sector Programmes* develops and implements high impact sector strategies focused on manufacturing and other value adding sectors to create decent jobs and increase value addition and competitiveness in domestic and export markets, as set out in the annual three-year rolling industrial policy action plan. In 2010/11, the clothing and textiles competitiveness programme was developed to introduce an important production and competitiveness enhancement incentive, which encourages production and job creation activities more directly. By the end of September 2013, 728 enterprises had been supported and approximately 62 350 jobs had been saved. Transfer payments are made to various public entities, including the Industrial Development Corporation of South Africa for the clothing and textiles production incentive; customised sector programmes at the Council for Scientific and Industrial Research for the aerospace industry programme; the National Foundry Technology Network; the Intsimbi national tooling initiative; and the Centurion Aerospace Village. This subprogramme had a staff complement of 116 at the end of November 2013.

## Expenditure estimates

**Table 36.13 Industrial Development**

Subprogramme	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
Industrial Competitiveness	534.5	479.3	476.8	560.7	1.6%	36.4%	657.3	745.7	788.6	12.0%	35.8%	
Customised Sector Programmes	638.2	849.3	1 044.3	1 055.6	18.3%	63.6%	1 139.5	1 332.8	1 403.9	10.0%	64.2%	
<b>Total</b>	<b>1 172.6</b>	<b>1 328.7</b>	<b>1 521.1</b>	<b>1 616.2</b>	<b>11.3%</b>	<b>100.0%</b>	<b>1 796.8</b>	<b>2 078.5</b>	<b>2 192.5</b>	<b>10.7%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				9.7			25.5	28.7	-			
<b>Economic classification</b>												
<b>Current payments</b>	<b>69.8</b>	<b>85.7</b>	<b>94.9</b>	<b>116.4</b>	<b>18.6%</b>	<b>6.5%</b>	<b>129.0</b>	<b>128.9</b>	<b>138.6</b>	<b>6.0%</b>	<b>6.7%</b>	
Compensation of employees	54.0	62.1	74.7	89.4	18.3%	5.0%	102.6	101.7	107.9	6.5%	5.2%	
Goods and services	15.7	23.6	20.2	26.9	19.6%	1.5%	26.4	27.2	30.7	4.5%	1.4%	
of which:												
Advertising	0.6	-	2.4	-	-100.0%	0.1%	-	-	-	-	-	
Consultants and professional services:	3.4	10.0	5.1	9.1	39.5%	0.5%	12.0	10.3	12.6	11.5%	0.6%	
Business and advisory services												
Operating leases	0.1	0.1	0.1	0.0	-23.1%	-	0.1	0.1	0.1	30.9%	-	
Travel and subsistence	7.4	8.2	9.3	12.0	17.6%	0.7%	8.7	10.7	11.5	-1.6%	0.6%	
<b>Transfers and subsidies</b>	<b>1 102.3</b>	<b>1 241.1</b>	<b>1 425.5</b>	<b>1 498.9</b>	<b>10.8%</b>	<b>93.4%</b>	<b>1 667.0</b>	<b>1 948.9</b>	<b>2 053.2</b>	<b>11.1%</b>	<b>93.3%</b>	
Departmental agencies and accounts	108.8	155.4	192.6	282.4	37.4%	13.1%	348.0	404.7	426.1	14.7%	19.0%	
Higher education institutions	14.8	14.8	22.6	0.0	-94.1%	0.9%	0.0	0.0	0.0	-	-	
Foreign governments and international organisations	12.1	13.0	4.8	5.3	-24.2%	0.6%	5.6	5.8	6.2	5.3%	0.3%	
Public corporations and private enterprises	854.0	1 004.7	1 125.2	1 115.3	9.3%	72.7%	1 193.0	1 414.4	1 489.3	10.1%	67.8%	
Non-profit institutions	112.4	53.0	80.2	95.8	-5.2%	6.1%	120.4	124.1	131.6	11.2%	6.1%	
Households	0.2	0.3	0.2	0.1	-38.7%	-	-	-	-	-100.0%	-	

Table 36.13 Industrial Development

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Payments for capital assets</b>	<b>0.5</b>	<b>1.1</b>	<b>0.6</b>	<b>1.0</b>	<b>24.2%</b>	<b>0.1%</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>-10.3%</b>	<b>-</b>
Machinery and equipment	0.5	1.1	0.6	1.0	23.0%	0.1%	0.8	0.7	0.7	-9.4%	-
<b>Payments for financial assets</b>	<b>-</b>	<b>0.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 172.6</b>	<b>1 328.7</b>	<b>1 521.1</b>	<b>1 616.2</b>	<b>11.3%</b>	<b>100.0%</b>	<b>1 796.8</b>	<b>2 078.5</b>	<b>2 192.5</b>	<b>10.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>20.2%</b>	<b>19.5%</b>	<b>18.4%</b>	<b>17.0%</b>			<b>18.3%</b>	<b>19.0%</b>	<b>18.3%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>108.8</b>	<b>130.4</b>	<b>192.6</b>	<b>222.4</b>	<b>26.9%</b>	<b>11.6%</b>	<b>237.0</b>	<b>250.1</b>	<b>263.3</b>	<b>5.8%</b>	<b>12.7%</b>
South African National Accreditation System	18.2	30.6	30.7	33.5	22.4%	2.0%	35.7	37.7	39.6	5.8%	1.9%
National Metrology Institute of South Africa	57.5	62.6	82.2	85.9	14.3%	5.1%	91.6	96.3	101.4	5.7%	4.9%
National Regulator for Compulsory Specifications	33.0	37.2	79.7	103.0	46.1%	4.5%	109.7	116.1	122.3	5.9%	5.9%
<b>Capital</b>	<b>-</b>	<b>25.0</b>	<b>-</b>	<b>60.0</b>	<b>-</b>	<b>1.5%</b>	<b>111.0</b>	<b>154.6</b>	<b>162.8</b>	<b>39.5%</b>	<b>6.4%</b>
National Metrology Institute of South Africa: Infrastructure	-	25.0	-	60.0	-	1.5%	111.0	154.6	162.8	39.5%	6.4%
<b>Higher education institutions</b>											
<b>Current</b>	<b>14.8</b>	<b>14.8</b>	<b>22.6</b>	<b>0.0</b>	<b>-94.1%</b>	<b>0.9%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>
University of the Witwatersrand: National aerospace skills sector support centre	9.0	6.3	12.4	0.0	-95.2%	0.5%	0.0	0.0	0.0	-	-
University of the North West: Advanced manufacturing skills sector support programme	5.8	8.5	10.2	0.0	-94.4%	0.4%	0.0	0.0	0.0	-	-
<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>12.1</b>	<b>13.0</b>	<b>4.8</b>	<b>5.3</b>	<b>-24.2%</b>	<b>0.6%</b>	<b>5.6</b>	<b>5.8</b>	<b>6.2</b>	<b>5.3%</b>	<b>0.3%</b>
United Nations Industrial Development Organisation	3.1	3.6	4.8	5.3	19.4%	0.3%	5.6	5.8	6.2	5.3%	0.3%
United Nations Industrial Development Organisation: Automotive component supplier development programme	7.0	7.2	-	-	-100.0%	0.3%	-	-	-	-	-
French Institute of South Africa: African programme on rethinking development economics	2.0	2.2	-	-	-100.0%	0.1%	-	-	-	-	-
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>669.9</b>	<b>887.2</b>	<b>1 055.8</b>	<b>1 094.1</b>	<b>17.8%</b>	<b>65.7%</b>	<b>1 170.5</b>	<b>1 390.8</b>	<b>1 464.5</b>	<b>10.2%</b>	<b>66.6%</b>
Council for Mineral Technology and Research: Customised sector programmes	0.4	-	-	-	-100.0%	-	-	-	-	-	-
Industrial Development Corporation: Customised sector programmes	51.1	57.4	56.5	140.4	40.1%	5.4%	156.2	174.8	184.1	9.5%	8.5%
Council for Scientific and Industrial Research: National cleaner production centre	32.0	40.1	41.2	43.7	10.9%	2.8%	55.2	70.5	74.3	19.4%	3.2%
South African Bureau of Standards: Research contribution	178.8	181.5	185.9	205.0	4.6%	13.3%	220.1	253.3	266.7	9.2%	12.3%
South African Bureau of Standards: Small business consulting	1.1	1.1	1.2	1.5	11.4%	0.1%	1.4	1.4	1.5	0.9%	0.1%
Industrial Development Corporation: Clothing and textile production incentive	400.0	600.0	750.0	682.4	19.5%	43.1%	723.4	855.6	901.0	9.7%	41.2%
Council for Scientific and Industrial Research: National foundry technology network: Metals	6.5	7.0	21.0	21.2	48.3%	1.0%	14.2	35.1	37.0	20.4%	1.4%
<b>Capital</b>	<b>184.1</b>	<b>117.5</b>	<b>69.4</b>	<b>21.2</b>	<b>-51.3%</b>	<b>7.0%</b>	<b>22.5</b>	<b>23.5</b>	<b>24.8</b>	<b>5.3%</b>	<b>1.2%</b>
Council for Scientific and Industrial Research: Aerospace industry	9.9	17.3	21.4	21.2	28.9%	1.2%	22.5	23.5	24.8	5.3%	1.2%
South African Bureau of Standards: Upgrading of vehicle testing facility	-	7.0	-	-	-	0.1%	-	-	-	-	-
South African Bureau of Standards	174.2	93.2	48.0	-	-100.0%	5.6%	-	-	-	-	-

**Table 36.13 Industrial Development**

Details of selected transfers and subsidies		Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
		2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million												
<b>Non-profit institutions</b>												
<b>Current</b>		<b>79.9</b>	<b>53.0</b>	<b>80.2</b>	<b>95.8</b>	<b>6.2%</b>	<b>5.5%</b>	<b>120.4</b>	<b>124.1</b>	<b>131.6</b>	<b>11.2%</b>	<b>6.1%</b>
Intsimbi national tooling initiative		47.4	36.0	49.2	54.4	4.7%	3.3%	67.7	70.4	74.1	10.8%	3.5%
Centurion Aerospace Village		5.0	10.0	15.0	15.8	46.7%	0.8%	16.7	17.5	18.4	5.3%	0.9%
Trade and Industrial Policy Strategies		-	-	-	6.0	-	0.1%	6.0	4.0	4.2	-11.1%	0.3%
Proudly South African campaign		27.5	7.0	16.0	19.6	-10.8%	1.2%	30.0	32.2	34.9	21.3%	1.5%
<b>Capital</b>		<b>32.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Centurion Aerospace Village		32.5	-	-	-	-100.0%	0.6%	-	-	-	-	-

## Personnel information

**Table 36.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Industrial Development</b>																			
<b>Salary level</b>	<b>171</b>	<b>18</b>	<b>164</b>	<b>74.7</b>	<b>0.5</b>	<b>171</b>	<b>89.4</b>	<b>0.5</b>	<b>171</b>	<b>102.6</b>	<b>0.6</b>	<b>171</b>	<b>101.7</b>	<b>0.6</b>	<b>171</b>	<b>107.9</b>	<b>0.6</b>	<b>-</b>	<b>100.0%</b>
1 – 6	10	10	10	0.8	0.1	10	1.3	0.1	10	2.4	0.2	10	2.5	0.3	10	2.7	0.3	-	5.8%
7 – 10	67	5	65	14.8	0.2	67	20.7	0.3	67	23.7	0.4	67	24.9	0.4	67	26.6	0.4	-	39.2%
11 – 12	47	2	44	22.7	0.5	47	25.4	0.5	47	24.2	0.5	47	25.4	0.5	47	27.1	0.6	-	27.5%
13 – 16	47	1	45	36.5	0.8	47	42.0	0.9	47	52.3	1.1	47	48.8	1.0	47	51.5	1.1	-	27.5%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will continue to be on strengthening the manufacturing and other value added sectors, such as clothing and textiles, metals, and pharmaceuticals, which generate employment and increased value in domestic and international markets. This will be done by implementing the key action programmes of the annual three-year rolling industrial policy action plan, the fourth iteration of which was released in 2013. The plan is implemented through the *Customised Sector Programmes* subprogramme, which uses the bulk of the programme's allocation over the seven-year period. Through funding the key clothing incentive mechanism, the programme created approximately 12 200 new, decent permanent jobs in the sector between 2010/11 and 2013/14.

Other transfers and subsidises, which make up 19 per cent of the total budget and increase over the medium term, are for assisting technical regulatory institutions to improve the industrial, safety, health technical standards and specifications, accreditation mechanisms and enforcement procedures, which they implement and which form a central pillar of South African industry. The focus enables the provision of additional resources to the National Regulator for Compulsory Specifications to build a culture of compliance, and allows for the upgrading of ageing equipment and facilities at the National Metrology Institute of South Africa. Other transfers to public corporations include programmes that address the manufacturing skills gap through the national tooling initiative and the national foundry technology network. At the end of November 2013, the programme had a total of 171 funded posts, which is expected to remain constant throughout the MTEF period. There were 17 vacancies, mainly due to natural attrition.

To give effect to Cabinet approved budget reductions, the department is to reduce spending in this programme by R8 million over the medium term. The reductions are to be effected in spending on consultants, and travel and subsistence. The reductions are not expected to adversely affect service delivery.

## Programme 5: Consumer and Corporate Regulation

### Objectives

- Increase access to economic opportunities for small businesses and historically disadvantaged citizens by attracting domestic and foreign investment by 2016.
- Increase investor confidence and certainty in the economy by:
  - developing world class regulatory frameworks for the monitoring, compliance and enforcement of consumer and corporate regulations by 2017
  - conducting regulatory impact assessments that address financial, economic and social assessments, annually
  - reviewing and finalising amendments to legislation, including the Business Act (1991), the National Credit Act (2005), and the 2013 Licensing of Business Bill; and developing a regulatory framework for the lotteries in 2014/15
  - reviewing the Liquor Act (2003) and the National Gambling Act (2004); and developing policy on intellectual property and 2 regulatory frameworks emanating from the amended versions of the National Credit Act (2005) and the Business Act (1991) in 2015/16
  - reviewing the Consumer Protection Act (2008) and the Companies Act (2008), developing a regulatory framework for intellectual property by 2016/17, and protecting intellectual property rights by formulating policies and drafting legislation by 2018.
- Create competitive, fair and efficient markets by:
  - having effective financial, economic, governance and related regulatory institutions in place by 2015
  - conducting biannual regulatory impact assessments on consumer and corporate regulations.
- Enhance and protect consumer rights through improved consumer awareness of the dispute resolution institutions by monitoring the performance of the institutions on an ongoing basis.
- Create a business regulatory environment that promotes competitive, fair and efficient markets by:
  - continuously monitoring and evaluating institutional management through the implementation of the agency rationalisation project recommendations on performance and management
  - continuously monitoring, evaluating, and assessing the impact of the work of the department, including its focus on anti-piracy; formalising projects; and conducting market research, surveys and trend analyses.
- Provide access to redress for consumers and businesses to increase confidence in markets by monitoring compliance through inspections of facilities; and providing education and awareness of safety, health and environment standards on an ongoing basis.
- Review, amend and implement the framework to increase industry transformation, enhance consumer protection, and carry out socio-economic impact assessments annually.
- Coordinate the implementation of concurrent jurisdiction mandates by reviewing the Consumer Protection Act (2005) and the Gambling Act (2008) in 2016/17; and implementing the Lotteries Amendment Act (2013) over the medium term.
- Promote awareness of rights, duties and responsibilities to increase activism and public participation in consumer and corporate regulations by:
  - engaging with and providing support to institutions of higher learning and research institutions
  - advocating and capacitating fieldworkers so they can educate and raise awareness about available services and products in areas such as intellectual property for the protection of indigenous knowledge, and the amended Lotteries Act (1997), between 2014/15 and 2016/17.
- Share and exchange regulatory experience with partners nationally and internationally to promote simple, appropriate and more effective regulatory solutions by participating in international forums such as the World Intellectual Property Organisation and relevant trade and investment forums, and developing position papers for publication and ratification over the medium term.

## Subprogrammes

- Policy and Legislative Development* develops policies, laws and regulatory frameworks. Key activities in 2012/13 included the development of a policy framework and the 2013 Licensing of Businesses Bill; the finalisation of the policy framework for intellectual property, which incorporates the Copyright Review Commission report and which was adopted by Cabinet for public consultation; the 2013 National Credit Amendment Bill; the policy framework and 2013 Lotteries Amendment Bill, which was developed and presented to Cabinet; and the development of the impact assessment study on the Liquor Act (2003) and draft policy by September 2013. This subprogramme had a staff complement of 33 at the end of November 2013.
- Enforcement and Compliance* conducts trend analyses, impact assessments and market surveys, and monitors the effectiveness of regulation. Key activities in 2012/13 included implementing the governance in liquor regulation, the cooperative governance in liquor regulation, and compliance inspections with regard to the Africa Cup of Nations, carried out by 14 officials across 5 provinces for all 32 matches. By the end of September 2013, the process of updating and scanning liquor registration files had been completed, cancelled registrations had been closed, and the files had been archived. In 2013/14, alcohol abuse prevention strategies and campaigns were implemented through television, radio and print advertisements, reaching a viewership and listenership of approximately 31 million people. This subprogramme had a staff complement of 43 at the end of November 2013.
- Regulatory Services* transfers funds to and oversees the following regulatory agencies: the National Consumer Tribunal; the National Credit Regulator; the National Gambling Board; the National Consumer Commission; the Companies and Intellectual Property Commission; the Companies Tribunal; the National Lotteries Board, which does not receive funding from the department but regulates the lotteries sector and facilitates the distribution of lottery funds to worthy organisations that serve public interest; the Takeover Regulation Panel; and the Financial Reporting Standards Council, which does not receive funding from the department but is responsible for regulating applicable transactions and the issuance of standards. A memorandum of agreement with the Congress of Traditional Leaders of South Africa was finalised in November 2011 to build and formalise relations and help the department to reach rural communities. 50 fieldworkers were deployed in 9 provinces, with another 50 to be deployed before the end of 2013/14. The multimedia anti-piracy campaign, which aims to curb illegal copying and to promote South African products, was relaunched in September 2013. In addition, formalisation workshops were held to encourage the creative industry to know the copyright law, formalise and register their businesses, register for tax, and gain access to government incentives and training programmes. The agency rationalisation project and its implementation plan, which recommends appropriate governance structures for regulatory agencies and aims to improve their efficiency and monitor them over the medium term, will be completed over the medium term. This subprogramme had a staff complement of 74 at the end of November 2013.

## Expenditure estimates

**Table 36.15 Consumer and Corporate Regulation**

Subprogramme	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million						2010/11 - 2013/14					2013/14 - 2016/17	
Policy and Legislative Development	9.6	12.9	14.4	23.2	34.0%	7.1%	20.1	21.2	24.7	2.1%	8.0%	
Enforcement and Compliance	36.3	16.1	14.5	20.9	-16.8%	10.4%	34.5	38.4	38.1	22.1%	11.8%	
Regulatory Services	99.0	189.5	194.7	212.0	28.9%	82.4%	222.6	227.3	237.9	3.9%	80.3%	
<b>Total</b>	<b>145.0</b>	<b>218.6</b>	<b>223.6</b>	<b>256.2</b>	<b>20.9%</b>	<b>100.0%</b>	<b>277.3</b>	<b>286.9</b>	<b>300.8</b>	<b>5.5%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate					-		29.0	28.7	(3.2)			

**Table 36.15 Consumer and Corporate Regulation**

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Current payments</b>	<b>51.8</b>	<b>38.5</b>	<b>43.1</b>	<b>71.8</b>	<b>11.5%</b>	<b>24.3%</b>	<b>72.0</b>	<b>73.2</b>	<b>76.9</b>	<b>2.3%</b>	<b>26.2%</b>
Compensation of employees	39.7	26.5	30.0	49.3	7.5%	17.3%	49.6	52.3	55.8	4.2%	18.5%
Goods and services	12.1	12.0	13.0	22.4	22.8%	7.1%	22.4	20.9	21.1	-2.0%	7.8%
of which:											
Advertising	0.2	0.7	0.9	2.9	146.8%	0.6%	2.5	2.6	0.6	-40.9%	0.8%
Consultants and professional services:	4.3	3.2	2.3	5.6	9.3%	1.8%	7.6	7.4	8.4	14.9%	2.6%
Business and advisory services											
Operating leases	0.2	0.1	0.1	0.1	-22.0%	0.1%	0.0	0.0	0.0	-16.7%	-
Travel and subsistence	4.7	4.5	4.8	7.6	17.1%	2.6%	6.0	5.4	6.3	-5.8%	2.3%
<b>Transfers and subsidies</b>	<b>92.9</b>	<b>179.6</b>	<b>177.5</b>	<b>183.6</b>	<b>25.5%</b>	<b>75.1%</b>	<b>205.0</b>	<b>213.7</b>	<b>223.9</b>	<b>6.8%</b>	<b>73.7%</b>
Departmental agencies and accounts	90.1	176.5	174.1	179.4	25.8%	73.5%	200.5	209.1	218.9	6.9%	72.1%
Foreign governments and international organisations	2.6	3.1	3.4	4.2	17.1%	1.6%	4.5	4.7	4.9	5.3%	1.6%
Households	0.2	0.1	0.0	0.0	-42.3%	-	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.4</b>	<b>1.3</b>	<b>0.8</b>	<b>38.9%</b>	<b>0.3%</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>
Machinery and equipment	0.3	0.4	1.3	0.8	38.9%	0.3%	0.3	-	-	-100.0%	0.1%
<b>Payments for financial assets</b>	<b>-</b>	<b>0.0</b>	<b>1.7</b>	<b>-</b>	<b>-</b>	<b>0.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>145.0</b>	<b>218.6</b>	<b>223.6</b>	<b>256.2</b>	<b>20.9%</b>	<b>100.0%</b>	<b>277.3</b>	<b>286.9</b>	<b>300.8</b>	<b>5.5%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>2.5%</b>	<b>3.2%</b>	<b>2.7%</b>	<b>2.7%</b>			<b>2.8%</b>	<b>2.6%</b>	<b>2.5%</b>		

**Details of selected transfers and subsidies**

Departmental agencies and accounts	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>90.1</b>	<b>176.5</b>	<b>174.1</b>	<b>179.4</b>	<b>25.8%</b>	<b>73.5%</b>	<b>200.5</b>	<b>209.1</b>	<b>218.9</b>	<b>6.9%</b>	<b>72.1%</b>
National Credit Regulator	46.0	53.0	57.9	60.7	9.7%	25.8%	63.8	65.7	69.6	4.7%	23.2%
National Gambling Board	22.0	37.6	26.1	27.7	8.0%	13.4%	29.8	31.5	30.1	2.8%	10.6%
National Consumer Tribunal	22.1	28.8	33.2	36.1	17.8%	14.2%	40.2	43.0	46.2	8.5%	14.8%
Companies and Intellectual Property Commission	-	14.0	-	-	-	1.7%	-	-	-	-	-
National Consumer Commission	-	33.0	46.8	44.5	-	14.7%	53.4	54.6	58.0	9.2%	18.8%
Companies Tribunal	-	10.0	10.1	10.3	-	3.6%	13.3	14.2	15.1	13.4%	4.7%
<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>2.6</b>	<b>3.1</b>	<b>3.4</b>	<b>4.2</b>	<b>17.1%</b>	<b>1.6%</b>	<b>4.5</b>	<b>4.7</b>	<b>4.9</b>	<b>5.3%</b>	<b>1.6%</b>
World Intellectual Property Organisation	2.6	3.1	3.4	4.2	17.1%	1.6%	4.5	4.7	4.9	5.3%	1.6%

**Personnel information****Table 36.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Consumer and Corporate Regulation	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary level	150	69	71	30.0	0.4	150	49.3	0.3	150	49.6	0.3	150	52.3	0.3	150	55.8	0.4	-	100.0%
1 - 6	12	11	1	0.1	0.1	12	0.8	0.1	12	0.8	0.1	12	0.9	0.1	12	0.9	0.1	-	8.0%
7 - 10	84	50	34	7.7	0.2	84	19.8	0.2	84	20.6	0.2	84	21.9	0.3	84	23.2	0.3	-	56.0%
11 - 12	23	7	19	8.9	0.5	23	11.3	0.5	23	10.7	0.5	23	11.4	0.5	23	12.0	0.5	-	15.3%
13 - 16	31	1	17	13.3	0.8	31	17.4	0.6	31	17.4	0.6	31	18.2	0.6	31	19.6	0.6	-	20.7%

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

2. Rand million.

**Expenditure trends**

The spending focus over the medium term will be on upholding the quality of standards for businesses and consumers by making significant transfers to the departmental agencies through the *Regulatory Services* subprogramme. Thus, over the medium term, transfers to the agencies are expected to make up over 72.1 per cent of the budget. Also in this period, spending on compensation of employees is expected to

take up 18.5 per cent of the programme's total budget, and to increase moderately to provide for improved conditions of service.

Within the *Policy and Legislative Development* subprogramme, the focus over the medium term will be on providing a policy and regulatory framework and solutions to achieve efficient, competitive and socially responsible legislation. This will involve developing policies; reviewing regulations; conducting legislative audits and advocating on these; developing regulations; drafting legislation on wide ranging matters including intellectual property, with the aim of extending access to medicine and education; and reviewing the companies and consumer protection acts to assess their implementation and impact.

Between 2010/11 and 2013/14 the programme's expenditure on transfers to departmental agencies increased significantly, due to the establishment of the National Consumer Commission, the Companies Tribunal, and the Companies and Intellectual Property Commission, which ensure that well functioning markets are fair, competitive, and responsible to consumers; adjudicate disputes in accordance with the Companies Act (2008); and manage, regulate and enforce compliance by businesses. Expenditure on transfers and subsidies over the medium term is expected to increase by R94 million, due to increased allocations through reprioritisation to the entities to enhance regulation capacity. To give effect to Cabinet approved budget reductions, the department is to reduce spending in this programme by R8 million over the medium term. Reductions are to be effected in spending on goods and services, travel and subsistence, contractors, and venues and facilities.

This programme has a funded establishment of 150 posts, and at the end of November 2013 there were 20 vacancies, mainly due to staff turnover. The department plans to fill these vacancies by 2014/15.

## **Programme 6: Incentive Development and Administration**

### **Objectives**

- Stimulate and facilitate the development of sustainable, competitive enterprises, through the efficient provision of effective and accessible incentive measures that support national priorities in accordance with the medium term strategic framework over the medium term.
- Improve the impact of incentive programmes through the implementation of an online and automated integrated electronic management system in 2014/15.
- Design, administer, monitor and evaluate a range of incentive programmes on an ongoing basis, based on the industrial policies and sector strategies developed by the department.
- Administer the manufacturing competitiveness enhancement programme which provides a credible support package to stabilise and grow output, employment and confidence in the manufacturing sector in order to encourage firms to innovate and invest in activities that will enhance their productivity and bolster competitiveness by 2017/18.
- Develop the special economic zones to contribute to the accelerated growth of manufacturing and internationally traded services by attracting foreign direct investment and developing growth orientated domestic businesses, leading to increased employment, exports and regional development over the long term.

### **Subprogrammes**

- *Broadening Participation Incentives* provides incentive programmes that promote broader participation in the mainstream economy by businesses owned by individuals from historically disadvantaged communities and marginalised regions. Transfers are made to the black business supplier development programme, through which qualifying black business suppliers are supported; and the cooperatives incentive scheme, through which qualifying cooperatives in the emerging economy acquire business development skills and services. In 2012/13, 1 527 enterprises were supported. By the end of September 2013, the broadening participation incentives had supported 800 black business suppliers and cooperatives. This subprogramme had a staff complement of 54 as at 30 November 2013.
- *Manufacturing Incentives* provides incentives to promote additional investment in the manufacturing sector. The manufacturing investment cluster comprises the following programmes and schemes: the manufacturing competitive enhancement programme, the enterprise investment programme, the small and medium

enterprise development programme, the automotive investment scheme, the export marketing and investment assistance scheme, the sector-specific assistance scheme, the capital projects feasibility programme, and the section 12I tax incentive scheme. In 2012/13, 589 projects were approved with a total grant of R5.1 billion. Of these, 548 were in the manufacturing investment programme, 29 were in the automotive incentive scheme, and 12 were in the 12I tax incentive scheme. The manufacturing investment cluster incentives are projected to support the creation of approximately 87 000 jobs. To create and sustain jobs, 1 132 claims worth R700 million were paid for manufacturing investment programme projects, and 135 claims worth R824 million were paid for automotive incentive scheme projects. In the first six months of 2013/14, 392 incentive scheme projects were approved with a total investment of R14.4 billion; of these, 167 were in the manufacturing investment programme, 12 were in the automotive incentive scheme, 3 were in the section 12I tax incentive scheme, and 210 were in the manufacturing competitiveness enhancement programme. This subprogramme had a staff complement of 185 at the end of November 2013.

- *Services Investment Incentives* provides incentive programmes that promote increased investment and job creation in the services sector. The programmes include the business process services programme, and the film and television production incentive support programme for South African and foreign productions. In 2012/13, 205 projects were approved with a total grant value of R657 million. Of these, 71 were for film and television productions, with a total value of R331 million; and 12 were business process services with a total value of R41 million. In the first 6 months of 2013/14, 55 projects were approved with a total investment value of R1 633 million. Of these, 49 were for film and television productions, with a total investment value of R1 2693 million; and 5 were business process services with a total value of R370 million. This subprogramme had a staff complement of 15 at the end of November 2013.
- *Infrastructure Development Support* leverages off investments in the South African economy by providing infrastructure critical to industrial development, thereby increasing the export of value added commodities and creating employment opportunities. In 2012/13, 6 projects were supported and the special economic zones programme was established. Parliament is expected to consider the 2013 Special Economic Zones Bill in 2014. In the first 6 months 2013/14, 2 projects were approved for the critical infrastructure programme. This subprogramme had a staff complement of 21 at the end of November 2013.
- *Product and Systems Development* reviews, monitors and develops incentive programmes to support the industrial policy action plan, and develops sector strategies to address market failures. Key activities include the development and enhancement of incentive project products. The revised manufacturing competitiveness enhancement, incubator support, and aquaculture development enhancement programmes were launched in 2013/14. This subprogramme had a staff complement of 24 at the end of November 2013.
- *Business Development and After Care* facilitates access to targeted enterprises by reviewing the success of incentive schemes and improving such schemes. In 2012/13, an incentive capacity building workshop was held for officials from the Western Cape investment and trade promotion agency and the East London industrial development zone. In addition, incentive road shows took place in February 2013 in partnership with the Western Cape Department of Economic Development and Tourism. In the first 6 months of 2013/14, 55 targeted workshops were conducted on broadening participation and competitiveness in the manufacturing and services clusters. This subprogramme had a staff complement of 34 in 2013/14.

## Expenditure estimates

**Table 36.17 Incentive Development and Administration**

Subprogramme	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2010/11 - 2013/14	2014/15	2015/16		
R million												
Broadening Participation Incentives	183.8	112.1	209.9	391.8	28.7%	5.6%	421.4	422.1	423.6	2.6%	6.8%	
Manufacturing Incentives	1 336.8	2 100.8	2 954.8	3 357.2	35.9%	60.8%	3 649.7	3 802.3	4 026.5	6.2%	61.1%	
Services Investment Incentives	233.6	306.6	427.0	618.9	38.4%	9.9%	580.5	580.9	621.4	0.1%	9.9%	
Infrastructure Development Support	1 020.6	742.6	896.4	1 042.3	0.7%	23.1%	853.8	1 404.4	1 939.6	23.0%	21.6%	
Product and Systems Development	5.8	8.5	12.7	13.7	32.9%	0.3%	15.7	16.3	17.5	8.7%	0.3%	
Business Development and After Care	12.4	13.0	13.8	19.2	15.7%	0.4%	19.2	20.5	22.2	4.9%	0.3%	
<b>Total</b>	<b>2 793.0</b>	<b>3 283.5</b>	<b>4 514.6</b>	<b>5 443.1</b>	<b>24.9%</b>	<b>100.0%</b>	<b>5 540.3</b>	<b>6 246.5</b>	<b>7 050.8</b>	<b>9.0%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				(100.0)			(105.5)	(457.6)	-			

Table 36.17 Incentive Development and Administration

Economic classification	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R million												
<b>Current payments</b>	<b>99.1</b>	<b>114.0</b>	<b>132.7</b>	<b>175.3</b>	<b>20.9%</b>	<b>3.3%</b>	<b>190.0</b>	<b>209.6</b>	<b>222.1</b>	<b>8.2%</b>	<b>3.3%</b>	
Compensation of employees	73.5	83.1	101.6	142.0	24.5%	2.5%	158.4	178.5	189.0	10.0%	2.8%	
Goods and services	25.6	31.0	31.2	33.3	9.2%	0.8%	31.7	31.1	33.1	-0.2%	0.5%	
of which:												
Advertising	0.3	1.0	0.0	-	-100.0%	-	-	-	-	-	-	
Consultants and professional services: Business and advisory services	8.7	7.0	8.2	5.2	-16.0%	0.2%	6.4	6.4	5.4	1.5%	0.1%	
Operating leases	1.0	0.8	1.2	0.4	-23.0%	-	0.6	0.6	0.6	12.5%	-	
Travel and subsistence	9.1	13.9	16.5	18.9	27.7%	0.4%	14.9	14.1	15.5	-6.4%	0.3%	
<b>Transfers and subsidies</b>	<b>2 692.6</b>	<b>3 164.9</b>	<b>4 379.4</b>	<b>5 243.3</b>	<b>24.9%</b>	<b>96.5%</b>	<b>5 340.2</b>	<b>6 024.9</b>	<b>6 816.8</b>	<b>9.1%</b>	<b>96.5%</b>	
Foreign governments and international organisations	-	-	3.7	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	2 692.6	3 164.4	4 375.4	5 243.2	24.9%	96.5%	5 340.2	6 024.9	6 816.8	9.1%	96.5%	
Households	0.0	0.5	0.3	0.1	115.4%	-	-	-	-	-100.0%	-	
<b>Payments for capital assets</b>	<b>1.3</b>	<b>4.6</b>	<b>2.4</b>	<b>24.5</b>	<b>167.9%</b>	<b>0.2%</b>	<b>10.0</b>	<b>12.0</b>	<b>12.0</b>	<b>-21.2%</b>	<b>0.2%</b>	
Machinery and equipment	1.3	0.7	1.3	1.5	5.6%	-	1.5	2.0	2.0	10.1%	-	
Software and other intangible assets	-	3.9	1.2	23.0	-	0.2%	8.5	10.0	10.0	-24.2%	0.2%	
<b>Total</b>	<b>2 793.0</b>	<b>3 283.5</b>	<b>4 514.6</b>	<b>5 443.1</b>	<b>24.9%</b>	<b>100.0%</b>	<b>5 540.3</b>	<b>6 246.5</b>	<b>7 050.8</b>	<b>9.0%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>48.2%</b>	<b>48.3%</b>	<b>54.5%</b>	<b>57.2%</b>			<b>56.3%</b>	<b>57.2%</b>	<b>58.8%</b>			

## Details of selected transfers and subsidies

<b>Foreign governments and international organisations</b>												
<b>Current</b>	-	-	3.7	-	-	-	-	-	-	-	-	-
United Nations Industrial Development Organisation: Incentive Monitoring Framework	-	-	3.7	-	-	-	-	-	-	-	-	-
<b>Public corporations and private enterprises</b>												
<b>Public corporations</b>												
<b>Other transfers to public corporations</b>												
<b>Capital</b>	<b>932.0</b>	<b>615.7</b>	<b>749.9</b>	<b>438.2</b>	<b>-22.2%</b>	<b>17.1%</b>	-	-	-	<b>-100.0%</b>	<b>1.8%</b>	
Coega Development Corporation	714.0	383.7	417.9	308.2	-24.4%	11.4%	-	-	-	-100.0%	1.3%	
East London industrial development zone	198.0	171.3	150.0	100.0	-20.4%	3.9%	-	-	-	-100.0%	0.4%	
Richards Bay industrial development zone company	20.0	60.7	182.0	30.0	14.5%	1.8%	-	-	-	-100.0%	0.1%	
<b>Public corporations and private enterprises</b>												
<b>Private enterprises</b>												
<b>Other transfers to private enterprises</b>												
<b>Current</b>	<b>308.9</b>	<b>270.3</b>	<b>376.4</b>	<b>586.0</b>	<b>23.8%</b>	<b>9.6%</b>	<b>640.0</b>	<b>640.0</b>	<b>650.0</b>	<b>3.5%</b>	<b>10.4%</b>	
Broadening participation development incentives	175.0	101.7	194.4	367.0	28.0%	5.2%	400.0	400.0	400.0	2.9%	6.5%	
Export market and investment assistance	133.9	168.6	182.0	219.0	17.8%	4.4%	240.0	240.0	250.0	4.5%	3.9%	
<b>Capital</b>	<b>80.6</b>	<b>118.5</b>	<b>131.6</b>	<b>140.0</b>	<b>20.2%</b>	<b>2.9%</b>	<b>190.0</b>	<b>190.0</b>	<b>190.0</b>	<b>10.7%</b>	<b>2.9%</b>	
Critical infrastructure programme	80.6	118.5	131.6	140.0	20.2%	2.9%	190.0	190.0	190.0	10.7%	2.9%	
<b>Public corporations and private enterprises</b>												
<b>Private enterprises</b>												
<b>Private enterprises - subsidies on products and production</b>												
<b>Current</b>	<b>1 371.0</b>	<b>2 159.9</b>	<b>3 112.5</b>	<b>3 629.1</b>	<b>38.3%</b>	<b>64.1%</b>	<b>4 060.2</b>	<b>4 064.9</b>	<b>4 292.3</b>	<b>5.8%</b>	<b>66.1%</b>	
Services sector development incentives	226.8	298.8	418.6	610.0	39.1%	9.7%	570.0	570.0	610.0	-	9.7%	
Manufacturing development incentives	1 144.3	1 861.2	2 693.9	3 019.1	38.2%	54.4%	3 290.2	3 424.9	3 632.3	6.4%	55.0%	
Industrial development zones: Other	-	-	-	-	-	-	200.0	70.0	50.0	-	1.3%	
<b>Capital</b>	<b>-</b>	<b>-</b>	<b>5.0</b>	<b>450.0</b>	<b>-</b>	<b>2.8%</b>	<b>450.0</b>	<b>1 130.0</b>	<b>1 684.5</b>	<b>55.3%</b>	<b>15.3%</b>	
Special economic zones: Investment incentives	-	-	5.0	450.0	-	2.8%	450.0	1 130.0	1 684.5	55.3%	15.3%	

## Personnel information

**Table 36.18 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Incentive Development and Administration																			
Salary level	333	57	280	102	0	333	142	0	333	158	0	333	178	1	333	189	1	-	100.0%
1 – 6	32	13	29	3	0	32	4	0	31	5	0	31	5	0	31	6	0	-1.1%	9.4%
7 – 10	195	29	166	40	0	195	59	0	194	63	0	194	73	0	194	78	0	-0.2%	58.3%
11 – 12	71	11	55	31	1	71	42	1	69	50	1	69	57	1	69	61	1	-0.9%	20.9%
13 – 16	35	4	30	27	1	35	37	1	39	41	1	39	43	1	39	44	1	3.7%	11.4%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on promoting activities through the provision of manufacturing development incentives to stimulate additional investment in the manufacturing sector, resulting in increased output and employment. Preparatory work including research, stakeholder relations and infrastructure planning has been done to stimulate industrial development. This includes consultations and negotiating mandates for the special economic zones in all nine provinces. The largest expenditure item in the programme in this period is transfers to public corporations and private enterprises, which make up 96.5 per cent of the total budget. Over the medium term, the *Manufacturing Incentives* subprogramme receives just over 61.1 per cent of the total budget and the *Infrastructure Development Support* subprogramme 21.6 per cent.

Expenditure increased between 2010/11 and 2013/14 on transfers to the manufacturing development incentives following the implementation of new incentives under transfers to private enterprises. These include the automotive incentives scheme and the enterprise investment programme, which are significant job creating initiatives within the manufacturing development incentives. These initiatives are expected to continue over the medium term, which accounts for the significant allocation to manufacturing development incentives transfers and subsidies in this period, which include the manufacturing competitiveness enhancement programme. As a result of these initiatives, the number of companies supported through the manufacturing competitiveness enhancement programme is anticipated to increase to 500 in 2016/17 from 189 in 2012/13. By 2016/17, over 7 302 jobs are expected to be supported through the enterprise investment programme and manufacturing development incentives, compared with 5 415 in 2013/14.

To give effect to Cabinet approved budget reductions, a decrease in spending of R9.1 million is to be effected over the medium term on goods and services, particularly on consultants, contractors, and travel and subsistence; and R533 million on special economic zones investment incentives. The spending plans will be informed by the 2013 Special Economic Zones Bill, once it is enacted.

The programme has a funded establishment of 333 posts. At the end of November 2013, there were 31 vacancies, mainly due to staff promotions and the difficulties experienced in recruiting staff because of the scarcity of skills in this specialised area. The subprogramme has a recruitment strategy to fill the vacancies in 2014/15.

## Programme 7: Trade and Investment South Africa

### Objectives

- Promote and attract direct investment from targeted countries into targeted sectors of the South African economy, as per the industrial policy action plan, with a target of R135 billion by 2016/17.
- Promote South African value added goods and services abroad by broadening the export base; increasing market share in targeted high growth markets, especially in countries such as the Brazil-Russia-India-China-

South Africa (BRICS) group of countries, African countries, and other developing countries; and sustaining market share in traditional markets, with a target of R3 billion for 2014/15 and R10.5 billion by 2016/17.

- Review the export strategy over the medium period in order to enhance South African export capabilities by 2014/15.
- Manage the implementation of the revised national exporter development programme that covers a number of critical components and a menu of innovative structures, new tools, and value-added services, to increase the exporter base in the country as well as to assist exporters and better position them to enter new markets by 2014/15. It also provides for a more coherent stakeholder engagement and co-ordination programme between government and the private sector based on the review of the export council model.
- Further enhance the promotion of exports and investment by placing foreign economic representatives, responsible for promoting foreign direct investment and the export of South African goods and services internationally, in 27 foreign economic missions over the medium term.

## Subprogrammes

- *Investment Promotion and Facilitation* facilitates the increase in the quality and quantity of foreign and domestic direct investment by providing investment, recruitment, problem solving and information services. The subprogramme promotes South Africa as an investment destination, with a target of R50 billion in investments for 2013/14. In 2012/13, a pipeline of projects worth R53.5 billion was achieved and a further R23.2 billion had been achieved by the end of September 2013. Key activities include stakeholder engagement, strategy formulation, study tours and country visits. The subprogramme is also responsible for organising annual international investment conferences, such as the Africa Dialogue. This subprogramme had a staff complement of 51 at the end of November 2013.
- *Export Promotion and Marketing* promotes exports of South African value added goods and services to increase market share in targeted high growth markets and to sustain market share in traditional markets. Over the medium term, the trade and investment funding and participation will be extended to 70 national pavilions, 6 group trade missions, 15 investment and trade initiatives and 3 China expos. In 2012/13 22 national pavilions were managed at international trade fairs, 43 group trade missions were organised and 5 international trade initiatives were conducted. By the end of September 2013, 11 national pavilions, 23 group trade missions, 1 international trade institute and 2 special projects, the World Cup legacy in Qatar and a China expo, had been supported. This subprogramme had a staff complement of 55 at the end of November 2013.
- *International Operations* promotes trade and investment, and administers and provides corporate services to the department's foreign office network of 27 foreign economic representatives in 43 countries to enable South African businesses to access global markets. The department also employs 42 locally recruited marketing officers. This subprogramme had a staff complement of 33 at the end of November 2013.
- *Export Development and Support* manages the national exporter development programme, which is designed to contribute to positioning South Africa as a reliable trade partner and improve and expand the country's exporter base. The subprogramme focuses on creating an export culture which encourages global participation; providing assistance, extensive capacity building, and the creation of trade opportunities for exporters; and serving as an industry interface for the department. The national exporter development programme was launched and implemented in April 2013, and will include the global exporter passport training programme, which is set to begin in 2014/15. To support the global exporter programme, a help desk was established at the Department of Trade and Industry campus in 2013/14. In addition, the interest make-up incentive scheme, which supports South African exporters and fosters the utilisation of local technology and goods and services to generate export earnings, receives annual transfers, and is administered by the Export Credit Insurance Corporation of South Africa. This subprogramme had a staff complement of 26 at the end of November 2013.

## Expenditure estimates

Table 36.19 Trade and Investment South Africa

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17
R million												
Investment Promotion and Facilitation	27.3	28.0	39.1	53.8	25.4%	12.4%	49.5	69.7	73.2	10.8%	17.1%	
Export Promotion and Marketing	149.6	156.3	70.0	117.3	-7.8%	41.3%	160.3	155.0	156.0	10.0%	40.9%	
International Operations	116.8	115.3	134.3	130.6	3.8%	41.7%	123.4	123.7	135.9	1.3%	35.7%	
Export Development and Support	7.4	10.7	15.9	20.5	40.5%	4.6%	27.6	21.7	22.5	3.1%	6.4%	
<b>Total</b>	<b>301.1</b>	<b>310.4</b>	<b>259.4</b>	<b>322.2</b>	<b>2.3%</b>	<b>100.0%</b>	<b>360.7</b>	<b>370.1</b>	<b>387.6</b>	<b>6.4%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				(47.6)			(56.7)	(62.3)	-			

## Economic classification

<b>Current payments</b>	<b>167.3</b>	<b>174.1</b>	<b>218.3</b>	<b>237.2</b>	<b>12.4%</b>	<b>66.8%</b>	<b>242.6</b>	<b>250.6</b>	<b>261.7</b>	<b>3.3%</b>	<b>68.9%</b>
Compensation of employees	101.2	104.2	132.8	136.6	10.5%	39.8%	168.1	185.0	188.3	11.3%	47.1%
Goods and services	66.1	69.9	85.5	100.6	15.0%	27.0%	74.5	65.6	73.4	-10.0%	21.8%
of which:											
Advertising	1.3	0.3	0.4	0.2	-44.4%	0.2%	0.3	0.2	0.2	-10.4%	0.1%
Consultants and professional services:	1.5	1.9	3.7	5.2	50.3%	1.0%	2.1	2.2	1.9	-28.0%	0.8%
Business and advisory services											
Operating leases	14.6	16.5	18.0	18.1	7.3%	5.6%	8.9	7.4	8.5	-22.4%	3.0%
Travel and subsistence	18.7	19.0	21.3	27.4	13.7%	7.2%	23.7	21.9	24.6	-3.6%	6.8%
<b>Transfers and subsidies</b>	<b>131.7</b>	<b>133.4</b>	<b>37.3</b>	<b>83.1</b>	<b>-14.2%</b>	<b>32.3%</b>	<b>116.7</b>	<b>118.1</b>	<b>124.3</b>	<b>14.4%</b>	<b>30.7%</b>
Foreign governments and international organisations	11.1	11.8	12.3	9.8	-4.0%	3.8%	6.3	2.6	2.8	-34.4%	1.5%
Public corporations and private enterprises	120.5	121.5	24.3	73.3	-15.3%	28.5%	110.4	115.4	121.6	18.4%	29.2%
Households	0.1	0.2	0.6	0.0	-48.1%	0.1%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>2.1</b>	<b>2.9</b>	<b>3.8</b>	<b>1.9</b>	<b>-4.3%</b>	<b>0.9%</b>	<b>1.5</b>	<b>1.4</b>	<b>1.5</b>	<b>-7.1%</b>	<b>0.4%</b>
Machinery and equipment	2.1	2.8	3.8	1.4	-13.1%	0.9%	1.5	1.4	1.5	3.0%	0.4%
Software and other intangible assets	0.0	0.0	-	0.5	124.8%	-	-	-	-	-100.0%	-
<b>Total</b>	<b>301.1</b>	<b>310.4</b>	<b>259.4</b>	<b>322.2</b>	<b>2.3%</b>	<b>100.0%</b>	<b>360.7</b>	<b>370.1</b>	<b>387.6</b>	<b>6.4%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>5.2%</b>	<b>4.6%</b>	<b>3.1%</b>	<b>3.4%</b>			<b>3.7%</b>	<b>3.4%</b>	<b>3.2%</b>		

## Details of selected transfers and subsidies

<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>11.1</b>	<b>11.8</b>	<b>12.3</b>	<b>9.8</b>	<b>-4.0%</b>	<b>3.8%</b>	<b>6.3</b>	<b>2.6</b>	<b>2.8</b>	<b>-34.4%</b>	<b>1.5%</b>
Export Consultancy Trust Funds:	5.5	5.9	6.2	4.9	-4.0%	1.9%	3.2	1.3	1.4	-34.4%	0.7%
International Bank for Reconstruction and Development											
Export Consultancy Trust Funds:	5.5	5.9	6.2	4.9	-4.0%	1.9%	3.2	1.3	1.4	-34.4%	0.7%
International Finance Corporation											
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>120.5</b>	<b>121.5</b>	<b>24.3</b>	<b>73.3</b>	<b>-15.3%</b>	<b>28.5%</b>	<b>110.4</b>	<b>115.4</b>	<b>121.6</b>	<b>18.4%</b>	<b>29.2%</b>
Export Credit Insurance Corporation:	120.5	121.5	24.3	73.3	-15.3%	28.5%	110.4	115.4	121.6	18.4%	29.2%
Interest make-up scheme											

## Personnel information

Table 36.20 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Trade and Investment South Africa	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	Unit Cost	Cost	2013/14	Unit Cost	Cost	2014/15	Unit Cost	Cost	2015/16	Unit Cost	Cost			2016/17	Unit Cost	Cost
Salary level	181	12	175	132.8	0.8	181	136.6	0.8	197	168.1	0.9	197	185.0	0.9	197	188.3	1.0	2.9%	100.0%
1 - 6	17	-	19	66.4	3.5	8	53.6	6.7	17	81.8	4.8	17	94.3	5.5	17	91.7	5.4	28.6%	7.6%
7 - 10	76	3	83	20.2	0.2	94	28.5	0.3	92	29.6	0.3	92	31.1	0.3	92	33.2	0.4	-0.7%	47.9%
11 - 12	52	5	53	26.5	0.5	58	33.1	0.6	62	34.4	0.6	62	36.2	0.6	62	38.5	0.6	2.2%	31.6%
13 - 16	36	4	20	19.6	1.0	21	21.4	1.0	26	22.3	0.9	26	23.4	0.9	26	24.9	1.0	7.4%	12.8%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on increasing the quality and quantity of domestic and foreign direct investment, promoting South African products in targeted markets, and promoting exports and investment in targeted countries. The *Export Promotion and Marketing* subprogramme, which maintains a network of foreign based economic offices, an export helpdesk, and a website, is the largest item of expenditure. The programme aims to achieve an investment pipeline totalling R135 billion over the medium term that will consist of investments from particular countries that are targeted at specific sectors. Spending on compensation of employees is expected to grow significantly over the medium term in line with the programme's plans to increase its funded establishment from 181 posts in 2013/14 to 197 posts by 2016/17 in order to implement the new export strategy. At the end of November 2013, the programme had 19 vacancies, which were mainly due to staff turnover, but which will be filled in 2014/15.

At 35.7 per cent of the total budget over the medium term, the *International Operations* subprogramme is the second largest in the programme, mainly because of spending on compensation of employees and goods and services due to the high costs of operating foreign missions. The subprogramme provides corporate services to the economic offices abroad, which promote South African businesses' access to global markets as part of the trade relations strategy. However, to give effect to Cabinet approved budget reductions, spending on goods and services over the medium term is projected to decline at an average rate of 10 per cent. Other reductions include expenditure on consultants and travel and subsistence. These cuts are not expected to adversely affect service delivery.

Between 2010/11 and 2013/14, expenditure on transfers and subsidies decreased significantly due to a decrease in transfers for the interest make-up incentive scheme administered by the Export Credit and Insurance Corporation. Unspent funds from the scheme were used to cover spikes in disbursements over this period. Allocations to this incentive scheme are projected to grow significantly over the medium term to enhance the competitiveness of South African exports.

## Public entities and other agencies

### Companies and Intellectual Property Commission

#### Mandate and goals

The Companies and Intellectual Property Commission was established in terms of Section 185 of the Companies Act (2008) to function as an organ of state within the public administration but outside the public service. It is mandated to undertake and enhance the functions of the Office of Companies and Intellectual Property Enforcement as well as those previously falling under the Companies and Intellectual Property Registration Office's mandate. The commission regulates companies, close corporations, cooperatives, trademarks, patents, designs, copyright, and enforces rules and regulations.

The commission's strategic goals over the medium term are to:

- improve the competitiveness of the South African economy by enhancing the reputation of South African businesses and the South African business environment
- contribute to a knowledge based economy and competitive local industries by promoting innovation, creativity and indigenous cultural expression and knowledge
- promote broader formal economic participation by enhancing service delivery and extending the reach of the commission.

## Selected performance indicators

Table 36.21 Companies and Intellectual Property Commission

Indicator	Programme/Activity/Objective	Outcome	Past <sup>1</sup>			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage website availability for online filings 24 hours a day and 7 days a week	Administration	Entity mandate	-	-	-	90%	90%	90%	90%
Call answer rate	Administration		-	-	-	50%	50%	60%	70%
Percentage of companies registered manually within 25 working days	Business Regulations and Reputation		-	-	-	85%	88%	90%	95%
Percentage of companies registered electronically within 1 working day	Business Regulations and Reputation		-	-	-	85%	90%	90%	95%
Percentage of cooperatives registered within 21 working days	Business Regulations and Reputation		-	-	-	85%	90%	90%	95%
Percentage of trademark applications processed within 5 working days	Business Regulations and Reputation		-	-	-	85%	90%	90%	95%
Percentage compliance with annual return obligations	Business Regulations and Reputation		-	-	-	56%	50%	60%	60%
Percentage of investigations completed within 135 working days	Business Regulations and Reputation		-	-	-	85%	90%	90%	95%
Percentage of patent applications processed within 5 working days	Innovation and Creativity Promotion		-	-	-	85%	90%	90%	95%
Percentage of design applications processed within 5 working days	Innovation and Creativity Promotion		-	-	-	85%	90%	90%	95%
Percentage of copyright in film applications processed within 2 working days	Innovation and Creativity Promotion	-	-	-	85%	90%	90%	95%	

1. No historical data is available, as these are new indicators in line with the annual performance plan.

## Programmes/activities/objectives

Table 36.22 Companies and Intellectual Property Commission

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	231.6	146.0	170.3	227.5	-0.6%	59.9%	238.7	161.3	251.2	3.4%	49.7%
Business regulations and reputation	82.3	85.6	85.6	95.0	4.9%	27.5%	136.8	195.8	153.0	17.2%	32.2%
Innovation and creativity promotion	27.4	41.2	28.7	66.8	34.5%	12.6%	62.9	105.4	88.8	10.0%	18.1%
<b>Total expense</b>	<b>341.3</b>	<b>272.8</b>	<b>284.6</b>	<b>389.2</b>	<b>4.5%</b>	<b>100.0%</b>	<b>438.4</b>	<b>462.5</b>	<b>493.1</b>	<b>8.2%</b>	<b>100.0%</b>

## Expenditure estimates

Table 36.23 Companies and Intellectual Property Commission

Statement of financial Performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>445.6</b>	<b>422.7</b>	<b>397.0</b>	<b>389.2</b>	-4.4%	97.2%	<b>438.4</b>	<b>462.5</b>	<b>493.1</b>	8.2%	100.0%
Sale of goods and services other than capital assets	361.2	363.2	329.8	326.7	-3.3%	81.2%	393.4	424.0	457.1	11.8%	89.5%
of which:											
Administrative fees	361.2	363.2	329.8	326.7	-3.3%	81.2%	393.4	424.0	457.1	11.8%	89.5%
Other non-tax revenue	84.5	59.5	67.2	62.5	-9.6%	16.0%	45.0	38.5	36.0	-16.8%	10.5%
<b>Transfers received</b>	<b>38.1</b>	<b>14.0</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>2.8%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue</b>	<b>483.7</b>	<b>436.7</b>	<b>397.0</b>	<b>389.2</b>	<b>-7.0%</b>	<b>100.0%</b>	<b>438.4</b>	<b>462.5</b>	<b>493.1</b>	<b>8.2%</b>	<b>100.0%</b>

**Table 36.23 Companies and Intellectual Property Commission**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)			
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16	2016/17	2013/14 - 2016/17
	R million													
<b>Expenses</b>	<b>341.3</b>	<b>272.8</b>	<b>284.6</b>	<b>389.2</b>	<b>4.5%</b>	<b>100.0%</b>	<b>438.4</b>	<b>462.5</b>	<b>493.1</b>	<b>8.2%</b>	<b>100.0%</b>			
Current expenses	341.3	272.8	284.6	389.2	4.5%	100.0%	438.4	462.5	493.1	8.2%	100.0%			
Compensation of employees	150.2	150.7	159.8	191.7	8.5%	51.2%	263.2	283.2	300.2	16.1%	57.8%			
Goods and services	181.6	112.5	119.9	195.5	2.5%	46.7%	173.3	177.3	190.9	-0.8%	41.7%			
Depreciation	9.5	9.5	4.9	2.0	-40.6%	2.1%	2.0	2.0	2.0	-	0.5%			
<b>Total expenses</b>	<b>341.3</b>	<b>272.8</b>	<b>284.6</b>	<b>389.2</b>	<b>4.5%</b>	<b>100.0%</b>	<b>438.4</b>	<b>462.5</b>	<b>493.1</b>	<b>8.2%</b>	<b>100.0%</b>			
<b>Surplus/(Deficit)</b>	<b>142.0</b>	<b>164.0</b>	<b>112.0</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Statement of financial position</b>														
Carrying value of assets	21.6	15.3	20.2	38.2	20.9%	1.9%	41.7	213.0	423.0	123.0%	13.2%			
of which:														
Acquisition of assets	11.1	3.7	11.0	7.0	-14.3%	0.7%	9.3	107.7	310.0	253.8%	8.0%			
Inventory	0.8	0.8	0.4	0.4	-25.1%	0.1%	0.3	0.3	0.2	-17.0%	0.0%			
Receivables and prepayments	42.9	4.2	8.5	4.0	-54.7%	1.4%	3.5	2.0	1.5	-27.9%	0.2%			
Cash and cash equivalents	956.5	1 137.7	1 240.5	1 352.9	12.3%	96.6%	1 282.1	1 132.1	932.1	-11.7%	86.6%			
<b>Total assets</b>	<b>1 021.8</b>	<b>1 157.9</b>	<b>1 269.6</b>	<b>1 395.4</b>	<b>10.9%</b>	<b>100.0%</b>	<b>1 327.6</b>	<b>1 347.3</b>	<b>1 356.8</b>	<b>-0.9%</b>	<b>100.0%</b>			
Accumulated surplus/(deficit)	930.5	1 047.6	1 160.0	1 286.0	11.4%	91.3%	1 217.6	1 250.6	1 268.6	-0.5%	92.5%			
Trade and other payables	19.6	15.7	15.4	12.0	-15.0%	1.3%	10.0	9.0	8.0	-12.6%	0.7%			
Provisions	12.8	15.1	20.7	27.4	28.8%	1.5%	34.9	37.8	40.3	13.7%	2.6%			
Derivatives financial instruments	58.9	79.6	73.4	70.0	5.9%	5.9%	65.0	50.0	40.0	-17.0%	4.1%			
<b>Total equity and liabilities</b>	<b>1 021.8</b>	<b>1 157.9</b>	<b>1 269.6</b>	<b>1 395.4</b>	<b>10.9%</b>	<b>100.0%</b>	<b>1 327.6</b>	<b>1 347.3</b>	<b>1 356.8</b>	<b>-0.9%</b>	<b>100.0%</b>			

**Personnel information****Table 36.24 Companies and Intellectual Property Commission**

Salary level	Number of funded posts	Number of posts on approved establishment	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
	623	623	601	159.8	0.3	532	191.7	0.4	612	263.2	0.4	654	283.2	0.4	660	300.2	0.5	16.1%	100.0%
7 – 10	482	482	482	89.1	0.2	440	94.6	0.2	393	129.1	0.3	487	134.5	0.3	492	139.0	0.3	13.7%	74.0%
11 – 12	78	78	68	34.6	0.5	61	40.9	0.7	157	58.2	0.4	103	67.8	0.7	103	72.3	0.7	20.9%	17.1%
13 – 16	63	63	51	36.1	0.7	31	56.2	1.8	62	75.9	1.2	64	80.9	1.3	65	88.9	1.4	16.5%	8.9%

1. Rand million.

**Expenditure trends**

The Companies and Intellectual Property Commission generates revenue from the registration of companies, trademarks, patents, and copyright. The increase in revenue over the medium term is mainly due to the increase in applications for intellectual property rights, patents, trademarks, and the incorporation of companies. Revenue over the medium term is expected to grow as the commission improves its operations and the compliance rate improves. However, interest revenue, which relates to the investment of the approved retained earnings at the South African Reserve Bank, is set to decline over the medium term as the funds are used in implementing special projects.

The commission's spending focus over the medium term will be on regulating the behaviour of companies and the intellectual property system in terms of the Companies Act (2008), and promoting broader, formal economic participation through enhanced service delivery. This will improve the reputation of the South African business environment by providing accessible and value-adding registration for business entities and ensuring intellectual property rights. Over the medium term, the largest item of expenditure is in the administration programme, followed by the business regulations and reputation programme. Using funds allocated to these programmes the commission will increase the percentage of companies and cooperatives registered manually within 25 and 21 days, to 95 per cent by 2016/17. These programmes contribute to the work of the commission by developing a successful registration, regulation, and monitoring and enforcement system. As part of the

commission's efforts to improve the quality of its service and its ability to comply with regulatory requirements, expenditure on goods and services increased significantly in 2013/14 due to the implementation of special projects that will continue over the medium term. These include the implementation of the new service delivery model with its IT based platform that will enable the percentage of companies registered electronically within one day to reach 95 per cent by 2016/17, and a move to new office accommodation to provide for the expected increase in the entity's establishment.

Spending on compensation of employees is set to increase significantly over the medium term to support the increase in personnel numbers from 532 in 2013/14 to 660 in 2016/17. There were 189 vacant posts at the end of November 2013, mostly as a result of the change in the organisational structure. Spending on consultants, currently used to fill gaps resulting from the revised organisational structure, is expected to decrease over the medium term as posts are filled by suitably skilled personnel as capacity grows within the commission.

## Export Credit Insurance Corporation of South Africa

### Mandate and goals

The Export Credit Insurance Corporation of South Africa was established in terms of the Export Credit and Foreign Investments Insurance Act (1957) to facilitate and encourage South Africa's export trade by underwriting export credit loans and investments outside South Africa. The corporation is mandated to evaluate export credit and foreign investment risks; provide export credit and foreign investment insurance cover on behalf of the South African government; and manage the interest makeup subsidised interest rate arrangement for participating financial institutions, thereby enabling them to provide loans to South African firms that invest in capital projects abroad.

The corporation's strategic goals over the medium term are to:

- facilitate export trade and investments outside South Africa
- build mutually beneficial local, regional and global relations to advance South Africa's trade and economic development objectives
- promote a professional, competitive and customer focused workforce that ensures an effective and efficient service to customers
- create enterprise wide risk awareness and effective corporate governance and risk management practices
- use sound business environment and social principles by applying international best practice.

### Selected performance indicators

Table 36.25 Export Credit Insurance Corporation of South Africa

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Value of export credit/investment insurance policies signed per year	Facilitate export trade and investments outside South Africa	Outcome 4: Decent employment through inclusive economic growth	R2.6bn	R3.7bn	R7bn	R2.2bn	R4.9bn	R6bn	R7bn
Value of loans disbursed and/or investment insurance exposures declared per year	Facilitate export trade and investments outside South Africa		R1.2bn	R3.0bn	R11.5bn	R2bn	R1.5bn	R1.8bn	R2bn
Incidence of cooperative benefits initiated with other export creation agencies or development finance institutions under the existing cooperation agreements or arrangements, per year	Strategic alliances		-1	-1	-1	5	5	5	5
Number of product presentations or awareness sessions held per year with export promotion agencies and/or with development agencies or through conferences in the various provinces of South Africa	Promote a professional, competitive and customer focused workforce that ensures an effective and efficient service to our customers		-1	9	12	15	18	21	24

1. No past data, as these are new indicators.

## Programmes/activities/objectives

Table 36.26 Export Credit Insurance Corporation of South Africa

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Administration	8.9	9.2	13.0	14.1	16.8%	2.0%	14.0	14.8	15.0	2.1%	2.5%
Facilitate export trade and investments outside South Africa	11.7	12.2	12.7	30.3	37.4%	3.1%	29.7	31.5	32.3	2.1%	5.4%
Strategic alliances	3.3	1.2	1.7	3.4	1.1%	0.5%	3.3	3.5	3.6	1.6%	0.6%
Promote a professional, competitive and customer focused workforce that ensures an effective and efficient service to our customers	1.5	1.7	2.1	6.7	64.8%	0.6%	6.8	7.2	7.5	4.0%	1.2%
Fostering risk orientation: Create an enterprise-wide risk awareness and effective corporate governance and risk management practices	361.2	566.3	1 020.0	413.4	4.6%	91.5%	568.3	596.8	445.3	2.5%	86.0%
Effective stewardship: Consistently apply sound business environment and social principles by applying international best practice	6.1	6.8	10.2	25.4	60.8%	2.2%	18.0	21.6	26.5	1.4%	4.0%
Promote a professional, competitive and customer focused workforce that ensures an effective and efficient service to our customers	0.7	1.0	1.4	1.4	25.0%	0.2%	1.4	1.5	1.5	2.7%	0.3%
<b>Total expense</b>	<b>393.3</b>	<b>598.2</b>	<b>1 061.0</b>	<b>494.7</b>	<b>7.9%</b>	<b>100.0%</b>	<b>641.4</b>	<b>676.9</b>	<b>531.7</b>	<b>2.4%</b>	<b>100.0%</b>

## Expenditure estimates

Table 36.27 Export Credit Insurance Corporation of South Africa

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>805.7</b>	<b>786.8</b>	<b>1 123.0</b>	<b>887.4</b>	<b>3.3%</b>	<b>100.0%</b>	<b>940.3</b>	<b>1 090.5</b>	<b>1 125.8</b>	<b>8.3%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	388.4	388.6	718.0	542.0	11.7%	55.7%	548.4	634.0	652.4	6.4%	58.9%
<i>of which:</i>											
<i>Sales by market establishment</i>	388.4	388.6	718.0	542.0	11.7%	55.7%	548.4	634.0	652.4	6.4%	58.9%
Other non-tax revenue	417.3	398.2	405.0	345.4	-6.1%	44.3%	391.9	456.5	473.4	11.1%	41.1%
<b>Total revenue</b>	<b>805.7</b>	<b>786.8</b>	<b>1 123.0</b>	<b>887.4</b>	<b>3.3%</b>	<b>100.0%</b>	<b>940.3</b>	<b>1 090.5</b>	<b>1 125.8</b>	<b>8.3%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>282.5</b>	<b>439.5</b>	<b>859.4</b>	<b>341.9</b>	<b>6.6%</b>	<b>73.9%</b>	<b>525.2</b>	<b>516.0</b>	<b>300.6</b>	<b>-4.2%</b>	<b>70.9%</b>
Compensation of employees	23.5	22.6	26.9	47.3	26.3%	5.5%	42.3	44.9	47.6	0.2%	7.9%
Goods and services	258.8	416.6	832.3	293.5	4.3%	68.3%	481.8	470.4	252.6	-4.9%	62.9%
Depreciation	0.2	0.2	0.2	1.2	67.7%	0.1%	1.1	0.8	0.5	-25.9%	0.2%
<b>Total expenses</b>	<b>393.3</b>	<b>598.2</b>	<b>1 061.0</b>	<b>494.7</b>	<b>7.9%</b>	<b>100.0%</b>	<b>641.4</b>	<b>676.9</b>	<b>531.7</b>	<b>2.4%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>412.0</b>	<b>189.0</b>	<b>62.0</b>	<b>393.0</b>	<b>-1.6%</b>		<b>299.0</b>	<b>414.0</b>	<b>594.0</b>	<b>14.8%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	0.6	0.6	0.7	1.7	42.0%	0.0%	1.6	1.1	0.8	-21.7%	0.0%
<i>of which:</i>											
<i>Acquisition of assets</i>	0.1	0.2	0.1	8.2	347.5%	0.0%	0.6	0.3	0.2	-71.1%	0.0%
Investments	1 529.9	2 023.9	2 180.1	3 099.6	26.5%	50.2%	3 759.1	4 310.6	4 897.8	16.5%	61.3%
Receivables and prepayments	235.6	194.0	557.1	719.2	45.1%	9.2%	862.1	987.6	1 097.6	15.1%	14.0%
Cash and cash equivalents	1 396.4	1 651.1	2 223.4	1 699.0	6.8%	40.6%	1 581.7	1 522.4	1 516.1	-3.7%	24.7%
Taxation	4.0	-	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Total assets</b>	<b>3 166.6</b>	<b>3 869.7</b>	<b>4 961.3</b>	<b>5 519.5</b>	<b>20.3%</b>	<b>100.0%</b>	<b>6 204.6</b>	<b>6 821.7</b>	<b>7 512.3</b>	<b>10.8%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	1 918.1	2 015.5	1 800.4	2 038.4	2.0%	46.5%	2 418.8	2 810.4	3 234.9	16.6%	40.0%
Capital and reserves	268.5	631.1	1 424.4	1 424.4	74.4%	19.8%	1 424.4	1 424.4	1 424.4	-	22.2%
Trade and other payables	5.3	135.3	13.6	14.4	39.8%	1.0%	15.2	16.1	17.1	6.0%	0.2%
Taxation	24.1	82.1	101.8	63.9	38.5%	1.5%	121.4	98.0	108.7	19.4%	1.5%
Provisions	950.6	1 005.7	1 621.0	1 978.4	27.7%	31.1%	2 224.7	2 472.7	2 727.1	11.3%	36.1%
<b>Total equity and liabilities</b>	<b>3 166.6</b>	<b>3 869.7</b>	<b>4 961.3</b>	<b>5 519.5</b>	<b>20.3%</b>	<b>100.0%</b>	<b>6 204.6</b>	<b>6 821.7</b>	<b>7 512.3</b>	<b>10.8%</b>	<b>100.0%</b>

## Personnel information

**Table 36.28 Export Credit Insurance Corporation of South Africa**

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
			2012/13			2013/14			2014/15			2015/16			2016/17				
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
	57	57	44	26.9	0.6	57	47.3	0.8	61	42.3	0.7	61	44.9	0.7	61	47.6	0.8	0.2%	100.0%
1 – 6	8	8	6	0.5	0.1	8	0.3	0.0	13	1.2	0.1	13	1.3	0.1	13	1.3	0.1	67.8%	19.5%
7 – 10	13	13	13	4.5	0.3	13	3.9	0.3	10	3.1	0.3	5	1.5	0.3	5	1.6	0.3	-26.0%	13.9%
11 – 12	13	13	6	3.6	0.6	13	6.1	0.5	16	7.5	0.5	19	8.4	0.4	17	7.6	0.4	7.5%	27.0%
13 – 16	22	22	15	13.9	0.9	22	19.4	0.9	20	18.8	0.9	22	21.1	1.0	24	23.9	1.0	7.1%	36.7%
17 – 22	1	1	4	4.4	1.1	1	17.5	17.5	2	11.7	5.8	2	12.5	6.3	2	13.2	6.6	-9.0%	2.9%

1. Rand million.

## Expenditure trends

The Export Credit Insurance Corporation of South Africa generates revenue mainly from insurance premiums and investment income. Revenue is expected to increase over the medium term as a result of the anticipated growth in policies underwritten, with the corporation aiming for a target of R7 billion of export credit and investment policies that it will sign in 2016/17.

The main spending focus over the medium term will be on continued support for exports to expand the exporter base and the diversification of South Africa's exports, as reflected in the projected increase in projects underwritten. This is also reflected in the increase in the interest make up disbursement, which is an incentive in the form of an interest subsidy that is administered by the corporation on behalf of the department. This is done in support of export transactions, as the scheme enhances the competitiveness of South African exports by enabling South African banks to offer competitive financing for international capital projects. The risk orientation objective is due to an increase in technical insurance provisions as the corporation increases its pipeline. The main cost driver over the medium term is thus expenditure on goods and services, mainly as a result of the increasing tax bill associated with an increasing surplus.

Other items of expenditure under goods and services will also increase over the medium term due to the continued implementation of IT infrastructure, as well as the increased focus on staff training. The value of loans disbursed and investment insurance exposures declared per year is expected to reach R2 billion in 2016/17.

Between 2010/11 and 2013/14, spending on compensation of employees grew significantly, mainly due to the increase in filled positions, in accordance with the approved structure, and over the medium term the number of staff is expected to increase from 57 in 2013/14 to 61 in 2014/15 to support the business growth. At the end of November 2013, the corporation had 6 vacancies which are in the process of being filled. However, the skills required are specialised and scarce, and spending on consultants is therefore expected to increase over the medium term, specifically to compensate for the lack of in-house actuarial skills. Ongoing attention is being given to building these skills within the corporation.

## National Empowerment Fund

### Mandate and goals

The National Empowerment Fund was established by the National Empowerment Fund Act (1998) to promote and facilitate black economic equality and transformation. In providing financial and non-financial support to black businesses and structuring accessible retail savings products for black people, the fund is mandated to implement the empowerment codes of good practice for BEE. The fund has 3 core divisions: small and medium enterprises and rural development, venture capital and corporate finance, and asset management.

The fund's strategic goals over the medium term are to:

- provide finance to business ventures established and managed by black people

- invest in black empowered businesses that have high employment creating opportunities
- support the participation of black women in the economy
- facilitate investment across all provinces in South Africa
- encourage and promote saving, investment and meaningful economic participation by black people
- advance black economic empowerment through commercially sustainable enterprises
- establish the fund as a sustainable development finance institution.

## Selected performance indicators

**Table 36.29 National Empowerment Fund**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Value of approvals by Umnotho fund per year	Fund management	Entity mandate	R382m	R499m	R561m	R250m	R550m	R863m	R863m
Value of approvals by Imbewu fund per year	Fund management		R99m	R175m	R379m	R180m	R450m	R430m	R430m
Value of approvals by rural and community development fund per year	Fund management		R149m	R108m	R148m	R78m	R184m	R245m	R245m
Value of approvals by strategic projects fund per year	Fund management		R119m	R381m	R245m	R100m	R200m	R200m	R200m
Value of approvals by asset management per year	Fund management		-1	-1	-1	R3m	R6m	R8m	R8m
Value of mentorship allocation for transactions receiving non-financial support per year	Fund management		-1	R3m	R3m	R4m	R4m	R4m	R4m

1. No past data, as this is a new indicator.

## Programmes/activities/objectives

**Table 36.30 National Empowerment Fund**

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17	
R million											
Administration	281.9	345.1	533.4	343.8	6.8%	97.1%	394.2	406.4	399.1	5.1%	97.5%
Fund management	15.2	8.2	8.2	8.8	-16.7%	2.9%	9.4	10.0	10.6	6.4%	2.5%
<b>Total expense</b>	<b>297.2</b>	<b>353.3</b>	<b>541.6</b>	<b>352.6</b>	<b>5.9%</b>	<b>100.0%</b>	<b>403.6</b>	<b>416.3</b>	<b>409.7</b>	<b>5.1%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 36.31 National Empowerment Fund**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17	
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>372.0</b>	<b>347.3</b>	<b>655.2</b>	<b>387.9</b>	1.4%	100.0%	<b>419.1</b>	<b>449.2</b>	<b>455.8</b>	5.5%	100.0%
Other non-tax revenue	372.0	347.3	655.2	387.9	1.4%	100.0%	419.1	449.2	455.8	5.5%	100.0%
<b>Total revenue</b>	<b>372.0</b>	<b>347.3</b>	<b>655.2</b>	<b>387.9</b>	<b>1.4%</b>	<b>100.0%</b>	<b>419.1</b>	<b>449.2</b>	<b>455.8</b>	<b>5.5%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>297.2</b>	<b>353.3</b>	<b>541.6</b>	<b>352.6</b>	5.9%	100.0%	<b>403.6</b>	<b>416.3</b>	<b>409.7</b>	5.1%	100.0%
Compensation of employees	86.6	108.6	131.4	145.8	18.9%	31.4%	160.0	181.3	182.0	7.7%	42.2%
Goods and services	203.2	238.7	405.3	203.9	0.1%	67.2%	240.6	233.1	225.7	3.4%	57.1%
Depreciation	7.3	6.0	4.9	2.9	-26.1%	1.5%	3.0	2.0	2.0	-11.8%	0.6%
<b>Total expenses</b>	<b>297.2</b>	<b>353.3</b>	<b>541.6</b>	<b>352.6</b>	<b>5.9%</b>	<b>100.0%</b>	<b>403.6</b>	<b>416.3</b>	<b>409.7</b>	<b>5.1%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>75.0</b>	<b>(6.0)</b>	<b>114.0</b>	<b>35.0</b>	<b>-22.4%</b>		<b>16.0</b>	<b>33.0</b>	<b>46.0</b>	<b>9.5%</b>	

**Table 36.31 National Empowerment Fund**

Statement of financial position	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
	R million										
Carrying value of assets	12.1	8.9	7.7	8.3	-12.0%	0.2%	8.8	9.3	9.8	5.8%	0.2%
<i>of which:</i>											
Acquisition of assets	6.1	2.9	3.7	3.5	-17.1%	0.1%	3.5	2.5	2.5	-10.6%	0.1%
Investments	1 810.0	1 888.3	2 172.0	2 198.4	6.7%	37.5%	2 198.4	2 198.4	2 198.4	-	36.9%
Loans	837.0	1 108.6	1 418.8	2 237.7	38.8%	25.9%	3 075.8	3 866.8	4 599.7	27.1%	56.5%
Receivables and prepayments	74.1	87.2	126.1	103.8	11.9%	1.8%	103.8	103.8	103.8	-	1.7%
Cash and cash equivalents	2 582.6	2 202.0	1 689.1	921.5	-29.1%	34.5%	94.8	-	-	-100.0%	4.6%
Non-current assets held for sale	-	8.1	8.1	8.1	-	0.1%	8.1	8.1	8.1	-	0.1%
<b>Total assets</b>	<b>5 315.9</b>	<b>5 303.1</b>	<b>5 421.7</b>	<b>5 477.8</b>	<b>1.0%</b>	<b>100.0%</b>	<b>5 489.7</b>	<b>6 186.5</b>	<b>6 919.8</b>	<b>8.1%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	1 515.0	2 790.5	2 904.0	2 959.4	25.0%	47.2%	2 971.3	3 001.9	3 020.4	0.7%	50.1%
Capital and reserves	3 765.6	2 468.4	2 468.4	2 468.4	-13.1%	52.0%	2 468.4	2 468.4	2 468.4	-	41.4%
Borrowings	-	-	-	-	-	-	-	666.1	1 381.0	-	7.7%
Trade and other payables	35.3	44.2	49.2	50.0	12.3%	0.8%	50.0	50.0	50.0	-	0.8%
<b>Total equity and liabilities</b>	<b>5 315.9</b>	<b>5 303.1</b>	<b>5 421.7</b>	<b>5 477.8</b>	<b>1.0%</b>	<b>100.0%</b>	<b>5 489.7</b>	<b>6 186.5</b>	<b>6 919.8</b>	<b>8.1%</b>	<b>100.0%</b>

**Personnel information****Table 36.32 National Empowerment Fund**

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
			2012/13		2013/14		2014/15			2015/16			2016/17			2013/14 - 2016/17			
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost		
	168	168	168	131.4	0.8	168	145.8	0.9	176	160.0	0.9	185	181.3	1.0	195	182.0	0.9	7.7%	100.0%
1 - 6	10	10	10	1.7	0.2	10	1.8	0.2	10	1.9	0.2	10	2.0	0.2	10	2.1	0.2	5.4%	5.5%
7 - 10	50	50	50	17.8	0.4	50	19.0	0.4	57	23.5	0.4	59	26.8	0.5	61	28.2	0.5	14.0%	31.3%
11 - 12	54	54	54	37.8	0.7	54	40.5	0.8	59	51.2	0.9	64	57.0	0.9	69	61.2	0.9	14.7%	33.9%
13 - 16	52	52	52	66.7	1.3	52	69.2	1.3	48	70.0	1.5	50	75.5	1.5	53	81.3	1.5	5.5%	28.1%
17 - 22	2	2	2	7.4	3.7	2	15.2	7.6	2	13.3	6.6	2	20.0	10.0	2	9.1	4.6	-15.6%	1.1%

1. Rand million.

**Expenditure trends**

The National Empowerment Fund generates its revenue mainly from interest on call accounts, interest on investments or loans, and dividend income from MTN shares. Revenue is therefore expected to grow over the medium term in line with prevailing interest rates, the performance of the invested portfolio of companies funded by the fund, and the performance of the MTN shares.

Over the medium term, the fund's spending focus continues to be on promoting and facilitating black economic equality and transformation by providing funding for black owned business ventures. Spending on compensation of employees grew significantly between 2010/11 and 2013/14 due to the growth in personnel numbers. This is directly linked to the number of financing approvals targeted for qualifying black empowered businesses. To date, the four funds have supported 400 black empowered businesses, with 40 000 jobs created, of which 12 000 were new jobs. The organisation's four funds are the Umnotho fund, which provides acquisition, new venture and expansion finance; the Imbewu fund, which supports black empowered small and medium enterprises; the rural and community development fund; and the strategic projects fund, which assists in the acquisition of equity in companies. The expenditure excludes provision for impairments.

42.2 per cent of the fund's expenditure over the medium term is on compensation of employees, with the number of personnel set to increase from 168 in 2013/14 to 195 by 2016/17 as a result of the increased demand for investment professionals in the four funds as they continue to grow. This accounts for the increase in spending on compensation of employees over this period. The value of approvals from the Imbewu fund is set to grow to R430 million by 2016/17 from R180 million in 2013/14. Related expenditure on goods and services is

due to the impairment provision, the main cost driver, which is in line with approval and disbursement targets which will also grow to just over 57 per cent over the medium term.

At the end of November 2013, there were 43 vacant posts, mostly as a result of resignations. Consultants are used mainly for marketing, IT and human resource services in non-core activities.

## National Lotteries Board

### Mandate and goals

The National Lotteries Board was established in terms of the Lotteries Act (1997) and is mandated to regulate the National Lottery as well as other lotteries, including fundraising society lotteries and promotional competitions. The board also advises the Minister of Trade and Industry on policy matters relating to the National Lottery and other lotteries. The board ensures the protection of all participants, maximises revenue for good causes in a responsible manner, administers the National Lottery Distribution Trust Fund, and distributes funds for good causes to the distributing agencies in an equitable and expeditious manner.

The board's strategic goals over the medium term are to:

- improve the impact of the National Lottery Distribution Trust Fund
- review regulatory practice
- sustain organisational capability
- ensure stability and enhance business continuity.

### Selected performance indicators

**Table 36.33 National Lotteries Board**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Value of operator ticket sales per year	Grant funding	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	R4.71bn	R4.59bn	R4.62bn	R4.9bn	R5.13bn	R5.33bn	R5.56bn
Value of National Lottery Distribution Trust Fund grant commitments per year	Grant funding		R3.09bn	R1.80bn	R1.65bn	R1.94bn	R1.80bn	R1.81bn	R1.89bn
Value of actual cash disbursed per year	Grant funding		R3.6bn	R2.41bn	R2.08bn	R1.86bn	R1.80bn	R2.1bn	R2.0bn
Value of contribution to the National Lottery Distribution Trust Fund per year	Grant funding		R1.61bn	R1.56bn	R1.60bn	R1.75bn	R1.9bn	R2.0bn	R2.1bn

### Programmes/activities/objectives

**Table 36.34 National Lotteries Board**

	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R thousand												
Administration	83 573	65 130	51 849	149 488	21.4%	64.3%	144 633	152 037	167 927	4.0%	49.8%	
Grant funding	–	30 209	63 310	120 862	–	30.5%	126 245	132 477	137 536	4.4%	41.9%	
Compliance and regulation	–	5 715	10 717	19 425	–	5.2%	24 148	28 021	31 806	17.9%	8.3%	
<b>Total expense</b>	<b>83 573</b>	<b>101 054</b>	<b>125 876</b>	<b>289 775</b>	<b>51.4%</b>	<b>100.0%</b>	<b>295 026</b>	<b>312 535</b>	<b>337 269</b>	<b>5.2%</b>	<b>100.0%</b>	

## Expenditure estimates

Table 36.35 National Lotteries Board

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17			2013/14 - 2016/17
	R thousand											
<b>Revenue</b>												
<b>Non-tax revenue</b>	1 617	1 586	1 595	1 692	1.5%	1.3%	1 698	1 728	2 220	9.5%	0.6%	
Sale of goods and services other than capital assets	1 308	1 308	1 308	1 308	-	1.1%	1 308	1 308	1 700	9.1%	0.5%	
of which:												
Administrative fees	1 308	1 308	1 308	1 308	-	1.1%	1 308	1 308	1 700	9.1%	0.5%	
Other non-tax revenue	309	278	287	384	7.5%	0.3%	390	420	520	10.6%	0.1%	
<b>Transfers received</b>	81 956	99 468	124 281	288 083	52.0%	98.7%	293 328	310 807	335 049	5.2%	99.4%	
<b>Total revenue</b>	83 573	101 054	125 876	289 775	51.4%	100.0%	295 026	312 535	337 269	5.2%	100.0%	
<b>Expenses</b>												
<b>Current expenses</b>	83 573	101 054	125 876	289 775	51.4%	100.0%	295 026	312 535	337 269	5.2%	100.0%	
Compensation of employees	45 413	54 171	58 655	150 489	49.1%	51.6%	165 428	181 971	200 168	10.0%	56.4%	
Goods and services	37 404	45 452	64 896	135 105	53.4%	47.0%	125 398	126 264	132 701	-0.6%	42.2%	
Depreciation	756	1 431	2 325	4 181	76.8%	1.4%	4 200	4 300	4 400	1.7%	1.4%	
<b>Total expenses</b>	83 573	101 054	125 876	289 775	51.4%	100.0%	295 026	312 535	337 269	5.2%	100.0%	
<b>Surplus/(Deficit)</b>	-	-	-	-	-	-	-	-	-	-	-	
<b>Statement of financial position</b>												
Carrying value of assets	8 324	7 968	11 666	11 963	12.9%	45.0%	12 463	13 000	16 770	11.9%	57.3%	
of which:												
Acquisition of assets	1 685	1 086	6 123	2 800	18.4%	12.1%	3 000	3 225	3 406	6.7%	13.3%	
Receivables and prepayments	4 780	8 467	6 537	3 200	-12.5%	25.3%	3 200	3 200	3 700	5.0%	14.3%	
Cash and cash equivalents	4 108	7 033	12 689	4 835	5.6%	29.8%	3 027	9 890	11 200	32.3%	28.4%	
<b>Total assets</b>	17 212	23 468	30 892	19 998	5.1%	100.0%	18 690	26 090	31 670	16.6%	100.0%	
Deferred income	8 044	9 185	2 806	1 498	-42.9%	25.6%	190	8 500	13 040	105.7%	20.6%	
Trade and other payables	5 054	11 477	19 687	18 500	54.1%	58.6%	18 500	17 590	18 630	0.2%	79.4%	
Derivatives financial instruments	4 114	2 806	8 399	-	-100.0%	15.8%	-	-	-	-	-	
<b>Total equity and liabilities</b>	17 212	23 468	30 892	19 998	5.1%	100.0%	18 690	26 090	31 670	16.6%	100.0%	

## Personnel information

Table 36.36 National Lotteries Board

Salary level	Number of posts estimated for 31 March 2014	Number of posts on approved establishment	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost		Number	Cost		Number	Cost	Number	Cost	Number	Cost					
	253	253	132	58.7	0.4	253	150.5	0.6	253	165.4	0.7	253	182.0	0.7	253	200.2	0.8	10.0%	100.0%
1 - 6	2	2	2	0.3	0.1	2	0.6	0.3	2	0.7	0.4	2	0.8	0.4	2	0.9	0.4	10.0%	0.8%
7 - 10	133	133	63	16.9	0.3	133	61.7	0.5	133	67.8	0.5	133	74.6	0.6	133	82.1	0.6	10.0%	52.6%
11 - 12	91	91	45	20.7	0.5	91	55.6	0.6	91	61.0	0.7	91	67.1	0.7	91	73.9	0.8	9.9%	36.0%
13 - 16	26	26	21	18.9	0.9	26	30.5	1.2	26	33.5	1.3	26	36.9	1.4	26	40.5	1.6	10.0%	10.3%
17 - 22	1	1	1	1.9	1.9	1	2.1	2.1	1	2.3	2.3	1	2.6	2.6	1	2.8	2.8	10.0%	0.4%

1. Rand million.

## Expenditure trends

The National Lotteries Board withdraws the funds it requires to pay for running costs from the National Lottery Distribution Trust Fund, basing these withdrawals on an overall annual budget approved by the Minister of Trade and Industry. A small amount of revenue is also generated from interest earned on funds received from licence holders.

Over the medium term, the spending focus will continue to be on regulating all lotteries as required by the board's mandate in order to improve the impact of the National Lottery Distribution Trust Fund and grow sales, which are expected to reach R5.6 billion in 2016/17 from R4.9 billion in 2013/14. Studies are planned to understand the National Lottery Distribution Trust Funds' funding impact on communities. The administration programme accounted for the largest share of expenditure between 2010/11 and 2013/14, and will do so over

the medium term due to the administrative costs associated with effectively managing the work of the board so that it achieves the following objectives: socially uplifting the beneficiaries of the National Lottery Distribution Trust Fund; delivering on its mandate to advise the Minister of Trade and Industry on policy matters; increasing the benefits the public receives from lotteries; reviewing its regulatory practices; and developing the organisation.

Expenditure on compensation of employees will increase over the medium term, with the number of personnel employed standing at 253 in 2016/17. Compensation of employees constitutes 56.4 per cent of total expenditure over the MTEF period. Expenditure on personnel grew significantly between 2012/13 and 2013/14 due to revisions being implemented in accordance with the Lotteries Amendment Act (2013), which provides for full time distributing agency members and associated staff. There were 99 vacancies at the end of November 2013 due to the expanded structure and these will be filled over the medium term. Related to this, expenditure on goods and services over the medium term remains significant, at 42.2 per cent of total expenditure. This includes the costs of key activities such as awareness programmes and road shows which are undertaken in all provinces and targeted to reach 186 events by 2016/17. The board uses consultants mainly for fraud investigations and the grant funding impact study. It has undertaken an exercise to ensure that only work which cannot be undertaken internally is outsourced, with an emphasis on the transfer of skills.

## Small Enterprise Development Agency

### Mandate and goals

The Small Enterprise Development Agency was established in December 2004 in terms of the National Small Business Amendment Act (2004), and is mandated to implement government's small business strategy, design and implement a standard and common national delivery network for small enterprise development, and integrate government funded small enterprise support agencies across all tiers of government.

The agency's strategic goals over the medium term are to ensure that the small enterprise sector grows and increases its contribution to sustainable and equitable social and economic development, employment and wealth creation.

### Selected performance indicators

**Table 36.37 Small Enterprise Development Agency**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage of clients satisfied with quality of Small Enterprise Development Agency services	Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and products	Outcome 4: Decent employment through inclusive economic growth	80%	80%	98%	88%	90%	90%	90%
Percentage of existing SMME clients whose turnover increased	Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and products		35%	35%	63%	35%	45%	45%	45%
Percentage of existing SMME clients whose number of employees increased	Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and products		25%	25%	35%	25%	30%	30%	30%
Number of clients working with the agency per year	Ensure equitable access to business support services		12 000	25 000	10 208	10 400	10 400	10 400	10 400
Number of adopted enterprises under the community public private partnership programme per year	Ensure equitable access to business support services		18	20	28	22	24	24	24
Value of service provision costs covered by partners	Ensure equitable access to business support services		R6.8m	R7.6m	R9.6m	R6m	R6m	R6m	R6m
Number of partnerships operational per year	Ensure equitable access to business support services		40	30	44	40	40	40	40
Percentage of direct service costs versus total costs	Strengthen the organisation to deliver on its mandate		-1	-1	73%	62%	62%	62%	62%
Percentage of deviations of actual expenditure from the approved budget	Strengthen the organisation to deliver on its mandate		-1	-1	2%	5%	5%	5%	5%
Percentage reduction in staff vacancies	Strengthen the organisation to deliver on its mandate		-1	-1	68%	50%	50%	50%	50%
Number of jobs created per year	Assist SMMEs with technology through the organisation's technology programme	-1	-1	2 301	989	1 500	1 500	1 500	

**Table 36.37 Small Enterprise Development Agency**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of clients supported per year	Assist SMMEs with technology through the organisation's technology programme	Outcome 4: Decent employment through inclusive economic growth	-1	-1	2 282	935	1 600	1 600	1 600
Number of clients assisted with technology transfer incentives per year	Assist SMMEs with technology through the organisation's technology programme		-1	-1	99	38	60	60	60
Number of clients supported with conformity assessment and product testing per year	Assist SMMEs with technology through the organisation's technology programme		-1	-1	159	127	130	130	130
Number of clients trained on national and international standards per year	Assist SMMEs with technology through the organisation's technology programme		-1	-1	571	425	450	450	450
Number of clients supported with systems implementation per year	Assist SMMEs with technology through the organisation's technology programme		-1	-1	35	34	30	30	30

1. No past data, as these indicators were not yet in use.

## Programme/activities/objectives

**Table 36.38 Small Enterprise Development Agency**

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and products	118.6	154.1	151.3	164.2	11.4%	24.0%	174.2	185.0	196.4	6.2%	25.4%
Ensure equitable access to business support services	124.8	130.6	140.4	148.7	6.0%	22.3%	154.2	161.8	169.9	4.5%	22.4%
Strengthen the organisation to deliver on its mandate	187.8	191.9	193.7	270.9	13.0%	34.3%	212.9	223.7	233.1	-4.9%	33.1%
Assist SMMEs with technology through the organisation's technology programme	78.2	109.7	149.8	145.8	23.0%	19.4%	126.4	132.2	138.3	-1.7%	19.1%
<b>Total expense</b>	<b>509.5</b>	<b>586.3</b>	<b>635.3</b>	<b>729.5</b>	<b>12.7%</b>	<b>100.0%</b>	<b>667.7</b>	<b>702.7</b>	<b>737.6</b>	<b>0.4%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 36.39 Small Enterprise Development Agency**

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>34.9</b>	<b>36.3</b>	<b>66.0</b>	<b>80.9</b>	<b>32.3%</b>	<b>8.8%</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>-19.0%</b>	<b>7.4%</b>
Other non-tax revenue	34.9	36.3	66.0	80.9	32.3%	8.8%	43.0	43.0	43.0	-19.0%	7.4%
<b>Transfers received</b>	<b>461.1</b>	<b>508.3</b>	<b>566.9</b>	<b>648.7</b>	<b>12.0%</b>	<b>91.2%</b>	<b>624.7</b>	<b>659.7</b>	<b>694.6</b>	<b>2.3%</b>	<b>92.6%</b>
<b>Total revenue</b>	<b>496.0</b>	<b>544.6</b>	<b>633.0</b>	<b>729.5</b>	<b>13.7%</b>	<b>100.0%</b>	<b>667.7</b>	<b>702.7</b>	<b>737.6</b>	<b>0.4%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>509.5</b>	<b>586.3</b>	<b>635.3</b>	<b>729.5</b>	<b>12.7%</b>	<b>100.0%</b>	<b>667.7</b>	<b>702.7</b>	<b>737.6</b>	<b>0.4%</b>	<b>100.0%</b>
Compensation of employees	189.8	206.1	221.4	240.4	8.2%	35.1%	257.2	275.2	294.5	7.0%	37.6%
Goods and services	303.8	360.8	396.3	470.7	15.7%	62.0%	393.8	410.8	426.7	-3.2%	60.0%
Depreciation	13.7	17.3	15.9	16.5	6.4%	2.6%	14.8	14.9	14.9	-3.4%	2.2%
Interest, dividends and rent on land	2.2	2.1	1.7	2.0	-3.7%	0.3%	1.9	1.8	1.6	-6.6%	0.3%
<b>Total expenses</b>	<b>509.5</b>	<b>586.3</b>	<b>635.3</b>	<b>729.5</b>	<b>12.7%</b>	<b>100.0%</b>	<b>667.7</b>	<b>702.7</b>	<b>737.6</b>	<b>0.4%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>(14.0)</b>	<b>(42.0)</b>	<b>(2.0)</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Statement of financial position</b>											
Carrying value of assets	45.5	40.7	38.4	44.6	-0.7%	18.7%	44.0	43.5	43.2	-1.1%	23.4%
of which:											
Acquisition of assets	15.6	12.9	14.0	13.0	-5.8%	6.1%	9.0	9.3	9.7	-9.4%	5.4%
Inventory	0.3	0.2	0.3	0.3	-9.2%	0.1%	0.3	0.3	0.3	1.3%	0.1%
Receivables and prepayments	4.1	32.1	3.9	8.3	26.4%	5.3%	8.5	8.4	8.3	-	4.5%
Cash and cash equivalents	155.9	153.7	210.3	176.1	4.1%	75.9%	135.0	135.0	104.5	-16.0%	71.9%
<b>Total assets</b>	<b>205.9</b>	<b>226.7</b>	<b>252.9</b>	<b>229.3</b>	<b>3.7%</b>	<b>100.0%</b>	<b>187.8</b>	<b>187.2</b>	<b>156.3</b>	<b>-12.0%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	57.9	25.2	22.8	22.8	-26.7%	14.6%	15.0	15.0	15.0	-13.1%	8.9%
Capital reserve fund	9.1	-	-	-	-100.0%	1.1%	-	-	-	-	-
Finance lease	12.2	12.2	12.1	11.9	-0.7%	5.3%	11.3	10.4	9.2	-8.4%	5.7%
Trade and other payables	110.9	173.0	200.3	175.4	16.5%	71.5%	140.9	139.8	108.8	-14.7%	74.0%
Provisions	15.8	16.2	17.6	19.1	6.6%	7.5%	20.5	21.9	23.3	6.8%	11.5%
<b>Total equity and liabilities</b>	<b>205.9</b>	<b>226.7</b>	<b>252.9</b>	<b>229.3</b>	<b>3.7%</b>	<b>100.0%</b>	<b>187.8</b>	<b>187.2</b>	<b>156.3</b>	<b>-12.0%</b>	<b>100.0%</b>

## Personnel information

**Table 36.40 Small Enterprise Development Agency**

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
	659	659	585	221.4	0.4	659	240.4	0.4	659	257.2	0.4	659	275.2	0.4	659	294.5	0.4	7.0%	100.0%	
1 – 6	135	135	89	13.6	0.2	135	21.0	0.2	135	22.5	0.2	135	24.0	0.2	135	25.7	0.2	7.0%	20.5%	
7 – 10	260	260	311	82.5	0.3	260	71.0	0.3	260	76.0	0.3	260	81.3	0.3	260	87.0	0.3	7.0%	39.5%	
11 – 12	214	214	143	86.7	0.6	214	104.5	0.5	214	111.9	0.5	214	119.7	0.6	214	128.1	0.6	7.0%	32.5%	
13 – 16	50	50	42	38.6	0.9	50	43.8	0.9	50	46.9	0.9	50	50.2	1.0	50	53.7	1.1	7.0%	7.6%	

1. Rand million.

## Expenditure trends

The spending focus of the Small Enterprise Development Agency over the medium term will be on developing, supporting and promoting small enterprises to ensure their growth and sustainability by providing them with non-financial services. This is to ensure that the small enterprise sector grows and increases its contribution to sustainable and equitable social and economic development, employment and wealth creation. The agency supports this through business advice, consultancy, training and mentoring, and by assisting SMMEs with technology through the technology programme. It also provides for the incubation of businesses in the SMME sectors through technology demonstration centres, technology incubators, and hybrid centres as part of the technology programme, and for the development of rural enterprises and cooperatives through the cooperatives and community private partnerships programme.

The activities of the agency will result in improved performance and increase employment within SMMEs, and an increased number of clients assisted with technology transfers over the medium term. Goods and services is thus the largest item of expenditure over the seven-year period. Expenditure on goods and services grew significantly between 2010/11 and 2013/14 due to the implementation of special projects, which included expanding the incubation programme to support small businesses and incubators.

Compensation of employees is the second largest item and thus is set to increase due to the delivery network encompassing South Africa, with agency offices and personnel in all nine provinces. This item is set to grow moderately over the medium term due to inflation related adjustment to salaries, with the number of personnel expected to remain constant. Consultants are used largely to perform market research, to conceptualise programmes, and to perform programme evaluations in line with good practices to ensure independence and objectivity. There were 57 vacant posts as at 30 November 2013 due to resignations, promotions, retirements and dismissals.

## South African Bureau of Standards

### Mandate and goals

The South African Bureau of Standards was established as a statutory body in terms of the Standards Act (2008), and is part of South Africa's standardisation, quality assurance, accreditation and metrology technical infrastructure. The bureau is mandated to provide standardisation and conformity assessment services to protect the integrity of the South African market, protect consumers, create a competitive advantage for South African industry, and facilitate access by South Africans to local and international markets. The bureau is the sole publisher of South African national standards, and is responsible for the technical work of the industrial policy action plan.

The bureau's strategic goals over the medium term are to:

- increase the use of standardisation services by broadening the geographic footprint and the scope of services offered, and being client focused
- provide standardisation and conformity assessment services that facilitate development and regulation of

national and regional economic activity, and support the industrial policy framework and the industrial policy action plan

- develop standards and provide conformity assessment services that protect the integrity of the South African market
- provide the conformity assessment services on a commercial basis.

### Selected performance indicators

**Table 36.41 South Africa Bureau of Standards**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new certification schemes developed per year	Conformity assessment	Outcome 4: Decent employment through inclusive economic growth	-1	1	1	2	2	2	2
Percentage of compulsory specifications whose tests can be conducted at South African Bureau of Standards in full	Conformity assessment		50%	50%	50%	70%	80%	90%	90%
Test and services revenue (R 000) per year	Conformity assessment		192 277	166 663	218 706	202 713	267 344	298 373	333 233
Products and systems certification revenue (R 000) per year	Conformity assessment		184 128	215 671	244 267	286 172	332 224	372 091	416 742
Number of published home-grown South African national standards per year	Development of South African national standards		258	259	225	220	225	235	250
Value of standards sales revenue per year (R 000)	Development of South African national standards		16 631	19 265	21 945	22 838	31 593	35 701	40 342

1. No past data, as this indicator was not yet in use.

### Programmes/activities/objectives

**Table 36.42 South Africa Bureau of Standards**

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Conformity assessment	336.8	360.9	417.9	593.1	20.8%	65.5%	667.3	742.0	821.1	11.5%	77.0%
Development of South African national standards	202.6	217.5	278.6	177.1	-4.4%	34.5%	199.3	221.6	245.3	11.5%	23.0%
<b>Total expense</b>	<b>539.4</b>	<b>578.4</b>	<b>696.5</b>	<b>770.2</b>	<b>12.6%</b>	<b>100.0%</b>	<b>866.6</b>	<b>963.6</b>	<b>1 066.4</b>	<b>11.5%</b>	<b>100.0%</b>

### Expenditure estimates

**Table 36.43 South Africa Bureau of Standards**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>433.8</b>	<b>446.8</b>	<b>534.8</b>	<b>537.6</b>	<b>7.4%</b>	<b>72.8%</b>	<b>646.2</b>	<b>722.0</b>	<b>806.9</b>	<b>14.5%</b>	<b>73.5%</b>
Sale of goods and services other than capital assets	394.6	401.5	484.9	511.7	9.1%	66.7%	631.2	706.2	790.3	15.6%	71.4%
of which:											
Sales by market establishment	394.6	401.5	484.9	511.7	9.1%	66.7%	631.2	706.2	790.3	15.6%	71.4%
Other non-tax revenue	39.3	45.3	49.9	25.9	-12.9%	6.1%	15.1	15.8	16.6	-13.8%	2.1%
<b>Transfers received</b>	<b>160.1</b>	<b>164.9</b>	<b>192.8</b>	<b>213.0</b>	<b>10.0%</b>	<b>27.2%</b>	<b>227.0</b>	<b>260.2</b>	<b>273.6</b>	<b>8.7%</b>	<b>26.5%</b>
<b>Total revenue</b>	<b>593.9</b>	<b>613.3</b>	<b>727.7</b>	<b>750.6</b>	<b>8.1%</b>	<b>100.0%</b>	<b>873.3</b>	<b>982.2</b>	<b>1 080.6</b>	<b>12.9%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>536.6</b>	<b>578.4</b>	<b>696.5</b>	<b>770.2</b>	<b>12.8%</b>	<b>99.9%</b>	<b>866.6</b>	<b>963.6</b>	<b>1 066.4</b>	<b>11.5%</b>	<b>100.0%</b>
Compensation of employees	326.6	333.0	384.3	447.5	11.1%	57.8%	509.2	560.2	627.4	11.9%	58.5%
Goods and services	169.1	210.8	280.0	284.8	19.0%	36.2%	311.9	342.4	373.1	9.4%	35.9%
Depreciation	33.8	34.0	31.4	38.0	4.0%	5.4%	45.4	61.1	66.0	20.2%	5.7%
Interest, dividends and rent on land	7.2	0.7	0.8	-	-100.0%	0.4%	-	-	-	-	-
<b>Total expenses</b>	<b>539.4</b>	<b>578.4</b>	<b>696.5</b>	<b>770.2</b>	<b>12.6%</b>	<b>100.0%</b>	<b>866.6</b>	<b>963.6</b>	<b>1 066.4</b>	<b>11.5%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>55.0</b>	<b>35.0</b>	<b>31.0</b>	<b>(20.0)</b>	<b>-171.4%</b>		<b>7.0</b>	<b>19.0</b>	<b>14.0</b>	<b>-188.8%</b>	

Table 36.43 South Africa Bureau of Standards

Statement of financial position	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
R million											
Carrying value of assets	274.6	318.9	350.8	511.9	23.1%	36.2%	670.3	716.9	711.9	11.6%	54.1%
of which:											
Acquisition of assets	110.4	78.4	69.7	199.1	21.7%	11.4%	203.8	107.7	60.9	-32.6%	12.2%
Investments	291.9	284.3	336.1	354.8	6.7%	31.9%	266.9	256.3	291.6	-6.3%	24.5%
Inventory	1.5	1.1	1.1	1.2	-8.7%	0.1%	1.2	1.3	1.4	6.0%	0.1%
Receivables and prepayments	54.7	60.3	96.5	112.3	27.1%	8.0%	129.1	154.9	185.9	18.3%	12.0%
Cash and cash equivalents	190.4	262.3	274.3	115.8	-15.3%	21.5%	76.0	80.1	87.3	-9.0%	7.5%
Non-current assets held for sale	1.7	0.1	1.2	-	-100.0%	0.1%	-	-	-	-	-
Taxation	21.1	22.7	22.9	22.0	1.4%	2.2%	22.0	22.0	22.0	-	1.8%
<b>Total assets</b>	<b>835.9</b>	<b>949.7</b>	<b>1 082.8</b>	<b>1 118.0</b>	<b>10.2%</b>	<b>100.0%</b>	<b>1 165.5</b>	<b>1 231.6</b>	<b>1 300.1</b>	<b>5.2%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	376.6	410.5	441.6	452.0	6.3%	42.4%	459.0	477.6	491.7	2.8%	39.1%
Capital and reserves	68.7	69.0	84.7	101.4	13.9%	8.1%	116.3	130.7	145.9	12.9%	10.2%
Capital reserve fund	165.6	247.5	306.2	299.6	21.9%	25.2%	291.6	284.7	277.7	-2.5%	24.1%
Borrowings	14.9	-	-	-	-100.0%	0.4%	-	-	-	-	-
Trade and other payables	107.6	112.4	141.8	159.9	14.1%	13.0%	191.8	230.2	274.4	19.7%	17.6%
Taxation	-	9.0	3.3	-	-	0.3%	-	-	-	-	-
Provisions	102.3	93.9	97.4	97.0	-1.8%	9.9%	98.1	99.4	100.7	1.3%	8.2%
Derivatives financial instruments	0.2	7.4	7.8	8.1	264.2%	0.6%	8.6	9.1	9.6	6.0%	0.7%
<b>Total equity and liabilities</b>	<b>835.9</b>	<b>949.7</b>	<b>1 082.8</b>	<b>1 118.0</b>	<b>10.2%</b>	<b>100.0%</b>	<b>1 165.5</b>	<b>1 231.6</b>	<b>1 300.1</b>	<b>5.2%</b>	<b>100.0%</b>

## Personnel information

Table 36.44 South Africa Bureau of Standards

Salary level	Number of funded posts	Number of posts on approved establishment	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost	
	1 192	1 192	1 046	384.3	0.4	1 186	447.5	0.4	1 206	509.2	0.4	1 256	560.2	0.4	1 310	627.4	0.5	11.9%	100.0%
1 - 6	222	222	169	20.0	0.1	222	24.6	0.1	222	26.8	0.1	222	28.1	0.1	222	30.1	0.1	6.9%	17.9%
7 - 10	557	557	536	155.7	0.3	557	164.7	0.3	557	184.0	0.3	557	193.2	0.3	557	207.3	0.4	8.0%	45.0%
11 - 12	333	333	270	148.6	0.6	333	186.8	0.6	347	219.1	0.6	397	253.6	0.6	451	296.8	0.7	16.7%	30.7%
13 - 16	79	79	70	58.1	0.8	73	69.3	0.9	79	77.1	1.0	79	82.8	1.0	79	90.5	1.1	9.3%	6.3%
17 - 22	1	1	1	1.9	1.9	1	2.0	2.0	1	2.2	2.2	1	2.4	2.4	1	2.6	2.6	9.3%	0.1%

1. Rand million.

## Expenditure trends

The South African Bureau of Standards derives revenue mainly from fees for certification and testing services. Revenue is expected to grow significantly over the medium term, mainly due to commercial operations which are projected to grow rapidly over this period due to the additional services being extended to local government to improve management systems and processes, and to boost service delivery capacity. Growth is also expected in new business, which will contribute to spending on compensation of employees and will require the expansion and maintenance of infrastructure.

The spending focus over the medium term will be on providing standardisation and conformity assessment services to protect the integrity of the South African market and consumers, creating a competitive advantage for South African industry, and facilitating access by South Africans to local and international markets. Expenditure on compensation of employees remains the largest item of expenditure over the seven-year period, with personnel numbers set to increase to 1 310 in 2016/17. There will be sustained efforts to attract talent and retain skilled employees to increase efficacy, as there is a need for a pool of test officers and certification auditors to meet the needs of industry. This is in line with the rapid growth in performance targets for test and services, and product and system certification revenue, which are expected to reach R333 million and

R416 million by 2016/17. Spending on consultants is expected to decrease over the medium term. Consultants are used mainly for specialised ICT tasks and other specialist skills not required on a permanent basis.

In line with this, spending on goods and services is expected to increase from R284.8 million in 2013/14 to R373.1 million by 2016/17 due to the cost of upgrading IT infrastructure and maintaining the ageing laboratory equipment, and also to cover travelling costs for certification auditors as well as technical experts representing the country in international meetings on the development of standards. The bureau has implemented several cost containment measures, which include requiring certification auditors and other employees to travel on low cost airlines and booking trips at least two weeks in advance to save on airfares. In addition, the number of delegates attending international standards development meetings will be kept to a minimum.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Companies Tribunal** mandate is to adjudicate any application made to it in terms of the Companies Act (2008); to assist in the resolution of disputes and to perform any other function assigned to it by or in terms of the act, or any law mentioned in the act. The organisation's total budget for 2014/15 is R13.3 million which is mainly received from the department for establishment costs.
- The **National Consumer Commission** ensures the enforcement of consumer legislation by establishing a regulatory framework to achieve and maintain a consumer market that is fair, accessible, efficient, sustainable, and promotes and protects consumer interests. The budget for 2014/15 is R53.4 million, which is received from the department.
- The **National Consumer Tribunal** ensures equity in the credit market and balances the rights and responsibilities of credit providers and consumers. The budget for 2014/15 is R45.9 million, of which 88 per cent is received from the department.
- The **National Credit Regulator** regulates the consumer credit industry in order to improve consumer protection and the efficiency and fairness of the end user credit market. The budget for 2014/15 is R110.9 million, of which R63.8 million is received from the department.
- The **National Gambling Board of South Africa** oversees regulation in the gambling industry throughout South Africa and preserves the integrity of South Africa as a responsible global citizen. The budget for 2014/15 is R32.6 million, of which R29.8 million is received from the department.
- The **National Metrology Institute of South Africa** maintains the international system of units and ensures that South African measurements, standards and units are internationally comparable and scientifically valid. The budget for 2014/15 is R214.4 million, of which 94.5 per cent is received from the department.
- The **National Regulator for Compulsory Specifications** regulates adherence to compulsory specifications and technical regulations. The budget for 2014/15 is R313.8 million, of which R109.7 million is from the department.
- The **South African National Accreditation System** is mandated to accredit or monitor for compliance purposes, promote accreditation as a means of facilitating international trade and enhancing South Africa's economic performance and transformation, promote the competence and equivalence of accredited bodies, and promote the competence and equivalence of facilities compliance. The budget for 2014/15 is R82.4 million, of which R35.7 million is received from the department.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Coega Development Corporation	Infrastructure developments to enable investment in the zone	Various	5 689.0	714.0	383.7	417.9	308.2	-	-	-
East London industrial development zone	Infrastructure developments to enable investment in the zone	Various	1 817.5	198.0	171.3	150.0	100.0	-	-	-
Critical infrastructure programme	Infrastructure projects supporting investment in mining, tourism, manufacturing and services	Various	1 473.2	80.6	118.5	131.6	190.0	190.0	190.0	190.0
Special economic zones: Investment incentives	Infrastructure development zone	Feasibility	3 719.5	-	-	5.0	500.0	450.0	1 130.0	1 684.5
Industrial development zone: Other	Infrastructure development zone	Feasibility	-	-	-	-	-	200.0	70.0	50.0
Richards Bay industrial development zone	Infrastructure developments to enable investment in the zone	Various	672.0	20.0	60.7	182.0	30.0	-	-	-
Centurion Aerospace Village	Aerospace industry infrastructure	Construction	407.3	37.5	10.0	15.0	15.8	-	-	-
South African Bureau of Standards	Technical industrial infrastructure in the form of testing facilities	Construction	315.4	174.2	93.2	48.0	-	-	-	-
<b>Total</b>			<b>14 093.9</b>	<b>1 224.3</b>	<b>837.3</b>	<b>949.5</b>	<b>1 144.0</b>	<b>840.0</b>	<b>1 390.0</b>	<b>1 924.5</b>

1. The special economic zones investment incentives will be used for conducting pre-feasibility and feasibility studies for the special economic zones; infrastructure projects in the industrial development zones and newly designated special economic zones.



# Vote 37

## Transport

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	382.9	369.4	11.2	2.3	399.8	423.5
Integrated Transport Planning	81.2	81.0	–	0.2	84.3	89.1
Rail Transport	15 034.6	36.7	14 997.8	0.1	18 362.0	19 389.6
Road Transport	21 645.3	99.7	21 545.0	0.7	22 852.1	23 876.2
Civil Aviation	148.3	111.6	36.2	0.4	154.0	162.7
Maritime Transport	110.6	91.8	18.5	0.3	115.4	121.8
Public Transport	11 323.8	178.0	11 145.6	0.2	11 846.4	12 779.1
<b>Total expenditure estimates</b>	<b>48 726.5</b>	<b>968.1</b>	<b>47 754.2</b>	<b>4.2</b>	<b>53 814.0</b>	<b>56 842.0</b>

Executive authority Minister of Transport  
Accounting officer Director General of Transport  
Website address [www.transport.gov.za](http://www.transport.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Lead the provision of an integrated, sustainable, reliable and safe transport system through planning, developing, coordinating, promoting and implementing transport policies, regulations and strategies.*

### Mandate

The Constitution identifies the legislative responsibilities of different levels of government with regard to airports, roads, traffic management and public transport. Transport is a function that is legislated and executed at all levels of government. In addition, for transport functions at the national level, most of the implementation takes place in public entities that are overseen by the department, each with a specific delivery mandate, as specified in the respective sections below.

The 1996 White Paper on Transport defines the different subsectors in the transport sector. Broadly, these are the infrastructure and operations of rail, pipelines, roads, airports, harbours as well as the cross-modal operations of public transport and freight. The Department of Transport is responsible for the legislation and policies for all these subsectors.

For the cross modal functions of public transport and freight, the guiding documents are the National Land Transport Act (2009), the public transport strategy and the national freight logistics strategy.

The Department of Transport is therefore responsible for conducting sector research, formulating legislation and policy to set the strategic direction of subsectors, assigning responsibilities to public entities and other levels of government, regulating through setting norms and standards, and monitoring implementation.

### Strategic goals

The department's strategic goals over the medium term are to:

- ensure an efficient and integrated infrastructure network that serves as a catalyst for social and economic development
- ensure a transport sector that is safe and secure

- improve rural access, infrastructure and mobility
- improve public transport systems
- increase the contribution of the transport sector to job creation
- increase the contribution of the transport sector to environmental protection.

## **Programme purposes**

### **Programme 1: Administration**

**Purpose:** Provide leadership, strategic management and administrative support to the department through continued refinement of organisational strategy and structure, in line with appropriate legislation and best practice.

### **Programme 2: Integrated Transport Planning**

**Purpose:** Manage and facilitate national sector strategic planning. Formulate policies and strategies. Coordinate regional and inter-sphere relations, including providing economic modelling and analysis of the sector.

### **Programme 3: Rail Transport**

**Purpose:** Facilitate and coordinate the development of sustainable rail transport policies, infrastructure development strategies, and economic and safety regulations. Support and monitor the oversight of rail public entities and the implementation of integrated rail services.

### **Programme 4: Road Transport**

**Purpose:** Develop and manage an integrated road infrastructure network. Regulate road transport and ensure safer roads. Oversee the road entities.

### **Programme 5: Civil Aviation**

**Purpose:** Facilitate through regulation and investigation, the development of an economically viable air transport industry that is safe, secure, environmentally friendly and compliant with international standards. Oversee the aviation public entities.

### **Programme 6: Maritime Transport**

**Purpose:** Coordinate the development of a safe, reliable and economically viable maritime transport sector through the development of policies and strategies, and monitoring of the implementation plan. Oversee the maritime public entities.

### **Programme 7: Public Transport**

**Purpose:** Transform land transport systems by developing norms and standards, regulations, and legislation. Develop empowerment systems within the public transport sector. Facilitate institutional planning and capacitation to guide the provision of sustainable integrated public transport networks in both urban and rural areas. Regulate national transport services. Improve the management of scholar transport.

## Selected performance and operations indicators

**Table 37.1 Transport**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of Metrorail passenger trips per year	Rail Transport	Outcome 6: An efficient, competitive and responsive economic infrastructure network	472 million	516 million	528 million	574 million	608 million	645 million	683 million
Lane kilometres of surfaced roads rehabilitated	Road Transport		- <sup>1</sup>	- <sup>1</sup>	365	1 970	1 100	1 155	1 213
Lane kilometres of roads resealed	Road Transport		- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	3 000	3 150	3 308
Square metres of surfaced roads resealed	Road Transport		5 547 940	2 870 957	6 718 931	6 925 543	- <sup>3</sup>	- <sup>3</sup>	- <sup>3</sup>
Kilometres of roads regavelled	Road Transport		3 413	2 814	2 823	3 692	- <sup>3</sup>	- <sup>3</sup>	- <sup>3</sup>
Square kilometres of blacktop patching on roads (including pothole repairs)	Road Transport		719 357	497 731	1 367 293	1 050 988	810 000	850 025	893 025
Kilometres of gravel roads bladed	Road Transport		526 661	221 111	434 955	512 040	350 000	367 500	385 875
Length of network (kilometres) with active routine road maintenance contracts	Road Transport		16 170	16 170	19 704	19 704	19 704	19 704	19 704
Number of appeals processed in terms of the Transport Appeal Tribunal Act (1998)	Public Transport		- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	30	35	40
Number of average weekday bus rapid transit passengers: Rea Vaya in Johannesburg	Public Transport		30 000	36 000	43 000	50 000	85 000	100 000	100 000
Number of integrated public transport networks facilitated at construction phase	Public Transport	- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>	6	7	7	
Number of average weekday bus rapid transit passengers: MyCiti in Cape Town	Public Transport	- <sup>1</sup>	22 000	30 000	60 000	80 000	80 000	80 000	

1. Service began in 2012/13.

2. This new indicator will only be measured from 2014/15.

3. This indicator will not be measured from 2014/15.

## The national development plan

The national development plan emphasises the necessity of sound economic infrastructure as a precondition for economic growth. The country's transport infrastructure is thus a key priority. The major recommendations of the national development plan are to improve public transport planning and integrate it with spatial planning, emphasise asset management, and design institutional arrangements to ensure safe, reliable and affordable public transport and renew the commuter rail fleet. In this regard, the plan highlights the need to focus on the Gauteng-Durban corridor for freight, to incentivise public transport and to focus on transport systems rather than modes. The need to invest heavily in transport is recognised, as is the need to carefully prioritise these investments.

Many of these priorities are being addressed by the department and will continue to be part of its objectives, particularly the focus on public transport, road maintenance and rail investments. For instance, a report on the implementation of the four transport hubs in 2050 vision was delivered in 2012/13 and submitted as part of the Presidential Infrastructure Coordinating Commission's second strategic infrastructure project's integrated business plan that seeks to support initiatives aimed at unlocking bottlenecks in the Gauteng-Durban freight corridor. In addition, the national transport master plan 2050, once approved by Cabinet, has the potential to ensure that transport planning and investment into socioeconomic transport network infrastructure facilities supports a dynamic, long term, sustainable, multimodal transport systems framework.

The public transport infrastructure and public transport network operations grants ensure that emphasis is placed on networks, rather than modes, and that planning is improved in cities. The devolution of the public transport contracting and regulating functions to metropolitan cities will also see the provincial public transport operations grant and the national Metrorail subsidies devolved to cities. This will ensure that transport planning is seen in the context of spatial planning, and therefore the more effective use of existing subsidies. The asset management approach is strongly supported through the provincial roads maintenance grant and the rural roads asset management systems grant to district municipalities. The capital transfers to the Passenger Rail Agency of South Africa will ensure that the commuter fleet is renewed over a 10-year period from 2015/16 and that the necessary complementary investments are made. Over the medium term, investment into maintenance and upgrade of the provincial and national road and rail infrastructure and integrated public transport networks within 13 cities remain the departmental focus, in line with the objectives of the national development plan.

## Expenditure estimates

Table 37.2 Transport

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)		
	2010/11	2011/12	2012/13			2010/11 - 2013/14	2013/14 - 2016/17	2014/15	2015/16	2016/17	2013/14	2016/17	
R million													
Administration	246.1	280.4	359.6	362.4	356.8	13.2%	0.8%	382.9	399.8	423.5	5.9%	0.8%	
Integrated Transport Planning	58.7	90.2	103.5	79.1	70.8	6.5%	0.2%	81.2	84.3	89.1	8.0%	0.2%	
Rail Transport	9 259.7	9 532.2	10 286.6	11 239.8	11 232.3	6.6%	26.6%	15 034.6	18 362.0	19 389.6	20.0%	31.8%	
Road Transport	11 360.7	21 729.8	18 229.4	19 580.5	19 377.3	19.5%	46.6%	21 645.3	22 852.1	23 876.2	7.2%	43.6%	
Civil Aviation	53.1	65.0	411.8	243.3	172.0	47.9%	0.5%	148.3	154.0	162.7	-1.8%	0.3%	
Maritime Transport	143.5	138.8	124.7	104.4	102.4	-10.6%	0.3%	110.6	115.4	121.8	6.0%	0.2%	
Public Transport	8 033.3	9 360.1	9 812.8	10 792.3	10 568.2	9.6%	24.9%	11 323.8	11 846.4	12 779.1	6.5%	23.1%	
<b>Total</b>	<b>29 155.1</b>	<b>41 196.5</b>	<b>39 328.2</b>	<b>42 401.7</b>	<b>41 879.9</b>	<b>12.8%</b>	<b>100.0%</b>	<b>48 726.5</b>	<b>53 814.0</b>	<b>56 842.0</b>	<b>10.7%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				126.3	(395.4)			503.3	436.4	630.0			

### Economic classification

<b>Current payments</b>	<b>929.1</b>	<b>1 149.1</b>	<b>1 512.8</b>	<b>1 047.6</b>	<b>949.9</b>	<b>0.7%</b>	<b>3.0%</b>	<b>968.1</b>	<b>1 007.9</b>	<b>1 066.6</b>	<b>3.9%</b>	<b>2.0%</b>
Compensation of employees	250.8	274.5	287.8	344.2	337.5	10.4%	0.8%	383.4	406.5	433.3	8.7%	0.8%
Goods and services	678.3	874.6	1 225.0	703.4	612.3	-3.4%	2.2%	584.7	601.4	633.3	1.1%	1.2%
<i>of which:</i>												
Communication	6.4	30.1	39.8	9.3	9.3	13.2%	0.1%	60.4	61.6	64.9	91.0%	0.1%
Consultants and professional services: Business and advisory services	398.7	664.3	988.3	451.6	360.5	-3.3%	1.6%	312.9	322.6	338.4	-2.1%	0.7%
Operating leases	14.2	27.6	34.2	46.3	46.3	48.2%	0.1%	51.0	52.4	55.2	6.0%	0.1%
Travel and subsistence	33.6	45.9	52.9	45.5	45.5	10.6%	0.1%	57.3	59.3	63.2	11.6%	0.1%
<b>Transfers and subsidies</b>	<b>28 222.7</b>	<b>40 044.1</b>	<b>37 802.9</b>	<b>41 347.0</b>	<b>40 923.0</b>	<b>13.2%</b>	<b>97.0%</b>	<b>47 754.2</b>	<b>52 801.8</b>	<b>55 770.9</b>	<b>10.9%</b>	<b>98.0%</b>
Provinces and municipalities	12 102.4	15 503.0	17 220.8	18 892.5	18 692.5	15.6%	41.9%	20 140.3	21 243.7	22 179.1	5.9%	40.9%
Departmental agencies and accounts	6 985.7	14 578.3	9 910.2	10 782.8	10 782.8	15.6%	27.9%	12 203.0	12 796.5	13 474.7	7.7%	24.5%
Higher education institutions	8.7	9.2	9.4	10.2	10.2	5.4%	0.0%	10.8	11.3	11.9	5.3%	0.0%
Foreign governments and international organisations	4.7	8.1	8.7	9.5	9.5	26.3%	0.0%	10.1	10.5	11.1	5.2%	0.0%
Public corporations and private enterprises	8 765.2	9 474.1	10 227.9	11 159.1	11 159.1	8.4%	26.1%	14 946.3	18 269.7	19 292.1	20.0%	31.6%
Non-profit institutions	16.0	22.4	17.8	18.8	18.8	5.6%	0.0%	20.0	20.9	22.0	5.4%	0.0%
Households	340.0	449.1	408.0	474.1	250.1	-9.7%	1.0%	423.8	449.2	779.9	46.1%	0.9%
<b>Payments for capital assets</b>	<b>1.9</b>	<b>3.2</b>	<b>7.6</b>	<b>7.0</b>	<b>7.0</b>	<b>54.8%</b>	<b>0.0%</b>	<b>4.2</b>	<b>4.3</b>	<b>4.6</b>	<b>-13.4%</b>	<b>0.0%</b>
Machinery and equipment	1.9	3.2	7.6	7.0	7.0	54.8%	0.0%	4.2	4.3	4.6	-13.4%	0.0%
<b>Payments for financial assets</b>	<b>1.5</b>	<b>0.2</b>	<b>5.0</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total</b>	<b>29 155.1</b>	<b>41 196.5</b>	<b>39 328.2</b>	<b>42 401.7</b>	<b>41 879.9</b>	<b>12.8%</b>	<b>100.0%</b>	<b>48 726.5</b>	<b>53 814.0</b>	<b>56 842.0</b>	<b>10.7%</b>	<b>100.0%</b>

## Personnel information

**Table 37.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Transport</b>																			
Salary Level	816	44	572	287.8	0.5	587	344.2	0.6	816	383.4	0.5	816	406.5	0.5	816	433.3	0.5	11.6%	100.0%
1 – 6	168	14	128	22.4	0.2	129	25.9	0.2	168	29.2	0.2	168	30.9	0.2	168	32.9	0.2	9.2%	20.9%
7 – 10	317	11	215	57.2	0.3	223	70.4	0.3	317	77.1	0.2	317	81.8	0.3	317	87.2	0.3	12.4%	38.7%
11 – 12	182	5	120	82.5	0.7	124	100.2	0.8	182	110.5	0.6	182	117.1	0.6	182	124.9	0.7	13.6%	22.1%
13 – 16	149	14	109	125.7	1.2	111	147.8	1.3	149	166.6	1.1	149	176.6	1.2	149	188.3	1.3	10.3%	18.4%

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

<sup>2</sup>. Rand million.

## Expenditure trends

The spending focus over the medium term will be on supporting the need for an efficient, competitive and responsive infrastructure network (outcome 6); and the national development plan's priorities of maintaining road infrastructure, upgrading rail infrastructure and services, and building and operating public transportation infrastructure. The department will facilitate the achievement of these objectives by providing transfers, such as the provincial roads maintenance grant to provinces and the public transport infrastructure grant to municipalities, as well as transfers to public entities such as the Passenger Rail Agency of South Africa and the South African Roads Agency. These transfers constituted 97.7 per cent of the department's total budget in 2013/14.

Spending on rail infrastructure in the *Rail Transport* programme over the medium term is expected to be the fastest growing item of expenditure, increasing at an average annual rate of 20 per cent as the Passenger Rail Agency of South Africa procures new trains, continues to upgrade its signalling infrastructure and build depots over the medium term. In addition, expenditure in the programme is expected to grow further due to Cabinet approved additional allocations of R348 million in 2014/15, R338 million in 2015/16 and R410 million in 2016/17, which are to be used to offset the effect of foreign exchange rate fluctuations on the agency's new rolling stock programme.

In 2011/12, the department's expenditure increased by 41.3 per cent to provide for significant investment in road infrastructure through the provincial roads maintenance grant and the R5.8 billion additional allocation for the South African National Roads Agency due to the delays in the implementation of e-tolling on Gauteng freeways. Expenditure on road infrastructure is expected to increase to R23.9 billion over the MTEF period, largely due to Cabinet approved additional allocations of R235.3 million in 2014/15 and R178.4 million in 2015/16 to rebuild roads destroyed by natural disasters.

Spending in the *Public Transport* programme increased at an average annual rate of 9.6 per cent between 2010/11 and 2013/14 due to the increase in spending on the provincial public transport operations grant and the public transport infrastructure and systems grant to municipalities. The infrastructure and systems grant is used to fund public transport networks in cities, including bus rapid transit systems. Since its launch in 2005/06, Johannesburg and Cape Town municipalities have begun operating services on routes in the initial phases of their integrated public transport network plans, and several cities have advanced significantly in planning their public transport networks, while others have begun building infrastructure. This programme also receives further Cabinet approved additional allocations of R50 million each year over the medium term for the provincial transport operations grant to fund the continued provision of subsidised public transport services in provinces, and R170 million in 2016/17 for the implementation of the reviewed taxi recapitalisation programme.

Expenditure on consultants increased significantly in 2012/13 because of spending on the maintenance and upgrade of the electronic national traffic information system and Mthatha Airport. The airport upgrade project also explains the significant spike in expenditure in the *Civil Aviation* programme in that year. The decrease in

expenditure on consultants in 2013/14 is attributed to transaction fees for the national traffic information system not being paid over to the department by the Road Traffic Management Corporation.

The department had a funded establishment of 816 posts at the end of November 2013, with 44 additional to the approved establishment. The 19.6 per cent increase in spending on compensation of employees in 2013/14 was due to the department enhancing capacity for overseeing transfers to public entities and other levels of government. Spending on compensation of employees is expected to increase moderately over the medium term as the department attempts to reduce its vacancy rate of 28.1 per cent by the end of 2013/14.

### Infrastructure spending

The department's infrastructure expenditure consists of transfers to public entities and other levels of government. The major components are capital transfers to the Passenger Rail Agency of South Africa and the South African National Roads Agency, and conditional grants for roads to provinces and municipalities for public transport infrastructure.

## Departmental receipts

Table 37.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
<b>Departmental receipts</b>	<b>408 844</b>	<b>312 500</b>	<b>178 330</b>	<b>327 154</b>	<b>253 221</b>	<b>-14.8%</b>	<b>100.0%</b>	<b>268 766</b>	<b>280 796</b>	<b>295 680</b>	<b>5.3%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>406 176</b>	<b>305 534</b>	<b>92 540</b>	<b>245 509</b>	<b>245 509</b>	<b>-15.4%</b>	<b>91.1%</b>	<b>260 544</b>	<b>270 574</b>	<b>284 916</b>	<b>5.1%</b>	<b>96.6%</b>
Sales by market establishments	21	34	54	30	30	12.6%	-	30	30	32	2.2%	-
of which:												
Rental parking: Covered and open	21	34	54	30	30	12.6%	-	30	30	32	2.2%	-
Administration fees	406 035	305 408	92 393	245 385	245 385	-15.5%	91.0%	260 420	270 450	284 784	5.1%	96.6%
of which:												
Foreign operating permits	474	-	-	385	385	-6.7%	0.1%	420	450	474	7.2%	0.2%
E-Natis fees	405 561	305 408	92 393	245 000	245 000	-15.5%	90.9%	260 000	270 000	284 310	5.1%	96.4%
Other sales	120	92	93	94	94	-7.8%	-	94	94	100	2.1%	-
of which:												
Commission on insurance	77	78	93	70	70	-3.1%	-	70	70	74	1.9%	-
Approval of security plans	2	-	-	-	-	-100.0%	-	-	-	-	-	-
Replacement of security cards and tender documents	26	2	-	14	14	-18.6%	-	14	14	15	2.3%	-
Departmental publications	15	12	-	10	10	-12.6%	-	10	10	11	3.2%	-
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>26.0%</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>
of which:												
Waste paper	1	2	6	2	2	26.0%	-	2	2	2	-	-
<b>Fines, penalties and forfeits</b>	<b>(1)</b>	<b>77</b>	<b>41</b>	<b>60</b>	<b>60</b>	<b>-491.5%</b>	<b>-</b>	<b>70</b>	<b>70</b>	<b>74</b>	<b>7.2%</b>	<b>-</b>
<b>Interest, dividends and rent on land</b>	<b>264</b>	<b>147</b>	<b>57</b>	<b>74 083</b>	<b>150</b>	<b>-17.2%</b>	<b>0.1%</b>	<b>150</b>	<b>150</b>	<b>158</b>	<b>1.7%</b>	<b>0.1%</b>
Interest	264	147	57	150	150	-17.2%	0.1%	150	150	158	1.7%	0.1%
Dividends	-	-	-	73 933	-	-	-	-	-	-	-	-
of which:												
Special restructuring proceeds from Airports Company of South Africa	-	-	-	73 933	-	-	-	-	-	-	-	-
<b>Transactions in financial assets and liabilities</b>	<b>2 404</b>	<b>6 740</b>	<b>85 686</b>	<b>7 500</b>	<b>7 500</b>	<b>46.1%</b>	<b>8.9%</b>	<b>8 000</b>	<b>10 000</b>	<b>10 530</b>	<b>12.0%</b>	<b>3.3%</b>
<b>Total</b>	<b>408 844</b>	<b>312 500</b>	<b>178 330</b>	<b>327 154</b>	<b>253 221</b>	<b>-14.8%</b>	<b>100.0%</b>	<b>268 766</b>	<b>280 796</b>	<b>295 680</b>	<b>5.3%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 37.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Ministry	45.8	41.5	41.5	34.8	-8.8%	13.1%	38.6	40.1	42.4	6.9%	9.9%
Management	25.4	70.1	91.6	70.0	40.1%	20.6%	68.9	72.0	76.4	2.9%	18.3%
Corporate Services	129.8	120.2	150.1	177.8	11.1%	46.3%	185.8	195.0	206.9	5.2%	48.8%
Communications	35.5	23.9	46.9	40.1	4.2%	11.7%	43.1	44.9	47.4	5.7%	11.2%
Office Accommodation	9.6	24.7	29.5	39.8	60.7%	8.3%	46.5	47.8	50.3	8.2%	11.8%
<b>Total</b>	<b>246.1</b>	<b>280.4</b>	<b>359.6</b>	<b>362.4</b>	<b>13.8%</b>	<b>100.0%</b>	<b>382.9</b>	<b>399.8</b>	<b>423.5</b>	<b>5.3%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				9.3			11.9	12.8	13.7		

#### Economic classification

	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Current payments</b>	<b>234.9</b>	<b>269.2</b>	<b>339.4</b>	<b>347.3</b>	<b>13.9%</b>	<b>95.4%</b>	<b>369.4</b>	<b>385.7</b>	<b>408.7</b>	<b>5.6%</b>	<b>96.3%</b>
Compensation of employees	112.7	129.6	136.3	150.2	10.1%	42.3%	172.8	183.2	195.2	9.1%	44.7%
Goods and services	122.2	139.7	203.1	197.1	17.3%	53.0%	196.6	202.5	213.4	2.7%	51.6%
of which:											
Communication	4.1	8.1	6.8	6.8	17.9%	2.1%	4.5	4.6	4.9	-10.3%	1.3%
Consultants and professional services:	64.3	31.5	49.7	41.0	-13.9%	14.9%	29.4	30.3	31.9	-8.0%	8.4%
Business and advisory services											
Operating leases	11.0	26.5	32.2	42.6	57.0%	9.0%	49.6	51.0	53.7	8.0%	12.5%
Travel and subsistence	15.3	23.0	25.4	22.0	12.9%	6.9%	29.3	30.2	31.8	13.0%	7.2%
<b>Transfers and subsidies</b>	<b>9.8</b>	<b>9.7</b>	<b>9.7</b>	<b>10.5</b>	<b>2.6%</b>	<b>3.2%</b>	<b>11.2</b>	<b>11.7</b>	<b>12.3</b>	<b>5.3%</b>	<b>2.9%</b>
Departmental agencies and accounts	-	0.2	-	0.2	-	-	0.2	0.2	0.3	5.2%	0.1%
Higher education institutions	8.7	9.2	9.4	10.2	5.4%	3.0%	10.8	11.3	11.9	5.3%	2.8%
Households	1.1	0.3	0.3	0.2	-48.0%	0.2%	0.2	0.2	0.2	5.4%	-
<b>Payments for capital assets</b>	<b>1.3</b>	<b>1.3</b>	<b>6.0</b>	<b>4.6</b>	<b>51.9%</b>	<b>1.1%</b>	<b>2.3</b>	<b>2.4</b>	<b>2.5</b>	<b>-17.9%</b>	<b>0.8%</b>
Machinery and equipment	1.3	1.3	6.0	4.6	51.9%	1.1%	2.3	2.4	2.5	-17.9%	0.8%
Payments for financial assets	0.2	0.2	4.5	-	-100.0%	0.4%	-	-	-	-	-
<b>Total</b>	<b>246.1</b>	<b>280.4</b>	<b>359.6</b>	<b>362.4</b>	<b>13.8%</b>	<b>100.0%</b>	<b>382.9</b>	<b>399.8</b>	<b>423.5</b>	<b>5.3%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.8%	0.7%	0.9%	0.9%			0.8%	0.7%	0.7%		

#### Details of selected transfers and subsidies

Higher education institutions	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
<b>Current</b>	<b>8.7</b>	<b>9.2</b>	<b>9.4</b>	<b>10.2</b>	<b>5.4%</b>	<b>3.0%</b>	<b>10.8</b>	<b>11.3</b>	<b>11.9</b>	<b>5.3%</b>	<b>2.8%</b>
Universities of Pretoria, KwaZulu-Natal and Stellenbosch	8.7	9.2	9.4	10.2	5.4%	3.0%	10.8	11.3	11.9	5.3%	2.8%

## Personnel information

Table 37.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Administration	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Salary Level	391	30	284	136.3	0.5	289	150.2	0.5	391	172.8	0.4	391	183.2	0.5	391	195.2	0.5	10.6%	100.0%
1 - 6	105	11	82	15.2	0.2	79	16.7	0.2	105	19.2	0.2	105	20.4	0.2	105	21.7	0.2	9.9%	26.9%
7 - 10	153	8	109	25.0	0.2	115	27.5	0.2	153	31.7	0.2	153	33.5	0.2	153	35.8	0.2	10.0%	39.3%
11 - 12	75	5	50	39.1	0.8	49	43.1	0.9	75	49.5	0.7	75	52.5	0.7	75	56.0	0.7	15.2%	18.7%
13 - 16	58	6	43	57.1	1.3	46	62.9	1.4	58	72.4	1.2	58	76.7	1.3	58	81.8	1.4	8.0%	15.0%

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

<sup>2</sup> Rand million.

## Expenditure trends

The spending focus over the medium term will be on the *Corporate Services* and *Management* subprogrammes, which provide operational and administrative support to the department. These activities are carried out by the employees on the programme's establishment, which constitutes 47.9 per cent of the department's overall establishment. A significant proportion of this programme's budget over the medium term is therefore allocated to spending on compensation of employees, mostly in the *Corporate Services*, *Management* and *Communication* subprogrammes. The programme had an approved establishment of 391 posts at the end of November 2013, with a vacancy rate of 26.1 per cent. The department appoints contract employees against vacant posts on a month-to-month basis until posts are finally filled to ensure that service delivery is not affected. The recruitment of additional personnel is expected over the medium term due to the *Administration* programme expanding its portfolio of responsibilities and the need to establish a project management office.

Consultants, travel and subsistence, venues and facilities, and operating leases, primarily for office accommodation, are the other large spending items in the programme over the medium term and support the objective of providing operational and administrative support to the department.

Spending on travel and subsistence is expected to increase to R31.8 million in 2016/17, largely as a result of the minister and deputy minister needing to travel more often. This increase is largely funded through a reprioritisation of R6 million in 2014/15, R6.5 million in 2015/16 and R7 million in 2016/17 from various programmes in the department.

Expenditure on venues and facilities is expected to decrease over the medium term at an average annual rate of 11 per cent as the department looks to limit use of external venues for stakeholder consultations. Spending on office accommodation meanwhile increased significantly in 2011/12 due to the renovation of the head office building to create additional space and comply with occupational health and safety requirements. Spending on this item is set to increase over the MTEF period due to the department taking over additional office blocks in the current building from the South African Police Service.

Consultants are used largely in the *Communication* subprogramme to assist the department with the October Transport Month and Arrive Alive awareness campaigns. Expenditure on advertising is also expected to increase over the medium term in support of these campaigns.

## Programme 2: Integrated Transport Planning

### Objectives

- Facilitate integrated multimodal transportation systems planning by:
  - reviewing the White Paper on National Transport Policy by 2014/15
  - facilitating the implementation of the national transport master plan 2050 by 2015/16
  - developing multimodal transport planning and coordination legislation by 2015/16
  - developing and consolidating the national transport planning data bank by 2016/17.
- Ensure integrated and seamless movement of freight in South Africa and regionally for all modes of transport by:
  - developing a border post transport decongestion strategy for Beit Bridge in 2014/15
  - coordinating and prioritising the implementation of projects detailed in the Durban-Free State-Gauteng logistics and industrial corridor business plan by 2016/17
  - developing a South African Development Community (SADC) transport corridor strategy in 2014/15.
- Increase economic transformation and performance of the transport sector through the:
  - establishment of a single transport economic regulator by 2015/16
  - establishment of a transport broad based black economic empowerment (BEE) charter council in 2014/15
  - development of a transport infrastructure funding strategy in 2014/15.
- Contribute to the reduction of greenhouse gas emissions in the transport sector by developing a transport energy consumption and reduction strategy by 2015/16.

## Subprogrammes

- *Macro Sector Planning* examines land use and transport planning in all spheres of government from a multimodal perspective, and manages and facilitates the implementation of the planning provisions contained in the National Land Transport Act (2009). In 2012/13, the draft national transport master plan 2050 was presented to the infrastructure development cluster and terms of reference to appoint a service provider to develop a draft national transport infrastructure planning bill were developed. In 2013/14, the national transport master plan 2050 and transport master planning framework were reviewed to ensure alignment with the rail policy as directed by Cabinet. In addition, a consolidated status quo and recommendations report on provinces' and municipalities' integrated transport plans is set to be completed by March 2014. This subprogramme had a staff complement of 8 in 2013/14.
- *Logistics* develops and coordinates the implementation of freight logistics strategies aimed at unblocking bottlenecks in the freight logistics system and related supply chains, with particular emphasis on integrating elements of the system across all modes. In 2012/13, a report on the Durban-Free State-Gauteng logistics and industrial corridor institutional framework was completed as part of the Presidential Infrastructure Coordinating Commission's second strategic infrastructure project's integrated business plan. Other key activities relate to the development and implementation of the logistics hubs framework and the annual updating of the national freight databank. In addition, integrated rural transport plans were rolled out in 3 provinces in 2013/14. This subprogramme had a staff complement of 13 in 2013/14.
- *Modelling and Economic Analysis* undertakes economic studies, provides innovative and enabling transport infrastructure funding options that respond to the socioeconomic needs of the national agenda, and applies economic analysis tools to transport sector policy development. In 2013/14, an analytical report on the 2012 national household travel survey was completed, as were the situational, international benchmarking and options analyses for the establishment of the single transport economic regulator. In addition, the Cabinet process to promulgate regulator legislation and the development of an implementation plan were underway. This subprogramme had a staff complement of 11 in 2013/14.
- *Regional Integration* manages, coordinates and facilitates the development of strategies for engagements in the SADC region and the rest of Africa. In 2012/13, service providers were appointed to develop traffic optimisation plans for key border posts and traffic flows at airports and seaports were assessed. In 2013/14, a decongestion strategy for the Mozambique-South Africa border posts was developed. In addition, studies were being conducted on the harmonisation of transport standards within the SADC region and the status of regional infrastructure. This subprogramme had a staff complement of 6 in 2013/14.
- *Research and Innovation* ensures research, innovation and monitoring of the transport sector for sustainability. In 2012/13, a literature review to develop a rural accessibility/multideprivation index was completed and a monitoring and evaluation framework for the transport sector was developed that mapped out the extent of transport deprivation across 12 of the neediest rural districts in South Africa. A transport energy consumption framework for climate change mitigation is expected to be finalised and approved by the end of 2013/14. In addition, a public transport vehicle conversion from petroleum to compressed natural gas programme is being developed. This subprogramme had a staff complement of 10 in 2013/14.
- *Integrated Transport Planning Administration Support* provides administrative support services to the entire programme. It is responsible for budget control, performance reporting and project administration. This subprogramme had a staff complement of 5 in 2013/14.

## Expenditure estimates

**Table 37.7 Integrated Transport Planning**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Macro Sector Planning	18.1	23.9	4.7	13.9	-8.5%	18.3%	12.6	12.9	13.6	-0.6%	15.9%
Logistics	14.2	17.5	17.2	11.9	-5.8%	18.3%	20.8	21.4	22.6	23.9%	23.0%
Modeling and Economic Analysis	12.8	29.1	60.1	28.1	30.0%	39.2%	23.1	24.0	25.4	-3.3%	30.2%
Regional Integration	7.7	8.1	4.1	9.4	7.2%	8.9%	8.0	8.4	8.9	-1.9%	10.4%
Research and Innovation	3.4	4.0	7.9	11.4	49.8%	8.0%	10.8	11.4	12.1	2.1%	13.7%
Integrated Transport Planning Administration Support	2.6	7.6	9.4	4.4	19.4%	7.2%	5.9	6.1	6.5	13.7%	6.9%
<b>Total</b>	<b>58.7</b>	<b>90.2</b>	<b>103.5</b>	<b>79.1</b>	<b>10.4%</b>	<b>100.0%</b>	<b>81.2</b>	<b>84.3</b>	<b>89.1</b>	<b>4.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(1.6)			(3.3)	(3.6)	(3.9)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>58.5</b>	<b>88.7</b>	<b>103.1</b>	<b>78.2</b>	<b>10.1%</b>	<b>99.1%</b>	<b>81.0</b>	<b>84.1</b>	<b>88.9</b>	<b>4.4%</b>	<b>99.5%</b>
Compensation of employees	43.7	49.9	30.4	32.9	-9.1%	47.3%	39.4	41.8	44.5	10.6%	47.5%
Goods and services	14.8	38.8	72.7	45.3	45.3%	51.8%	41.6	42.3	44.4	-0.7%	52.0%
of which:											
Communication	0.8	1.0	0.6	0.4	-21.3%	0.8%	0.2	0.2	0.2	-15.7%	0.3%
Consultants and professional services: Business and advisory services	3.4	7.9	60.3	38.2	123.2%	33.1%	34.7	35.2	36.9	-1.1%	43.5%
Operating leases	0.4	0.3	0.4	0.1	-50.0%	0.3%	0.2	0.2	0.2	63.4%	0.2%
Travel and subsistence	1.6	6.4	5.9	4.9	47.0%	5.7%	4.0	4.1	4.3	-4.8%	5.2%
Transfers and subsidies	-	0.1	0.2	-	-	0.1%	-	-	-	-	-
Households	-	0.1	0.2	-	-	0.1%	-	-	-	-	-
Payments for capital assets	0.2	1.4	0.2	0.8	64.1%	0.8%	0.2	0.2	0.3	-33.3%	0.5%
Machinery and equipment	0.2	1.4	0.2	0.8	64.1%	0.8%	0.2	0.2	0.3	-33.3%	0.5%
<b>Total</b>	<b>58.7</b>	<b>90.2</b>	<b>103.5</b>	<b>79.1</b>	<b>10.4%</b>	<b>100.0%</b>	<b>81.2</b>	<b>84.3</b>	<b>89.1</b>	<b>4.1%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.2%	0.2%	0.3%	0.2%			0.2%	0.2%	0.2%		

## Personnel information

**Table 37.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
<b>Integrated Transport Planning</b>																			
<b>Salary level</b>	<b>71</b>	<b>3</b>	<b>50</b>	<b>30.4</b>	<b>0.6</b>	<b>52</b>	<b>32.9</b>	<b>0.6</b>	<b>71</b>	<b>39.4</b>	<b>0.6</b>	<b>71</b>	<b>41.8</b>	<b>0.6</b>	<b>71</b>	<b>44.5</b>	<b>0.6</b>	<b>10.9%</b>	<b>100.0%</b>
1 - 6	8	2	6	1.0	0.2	7	1.1	0.2	8	1.3	0.2	8	1.4	0.2	8	1.5	0.2	4.6%	11.7%
7 - 10	28	-	17	4.6	0.3	17	5.0	0.3	28	6.0	0.2	28	6.3	0.2	28	6.7	0.2	18.1%	38.1%
11 - 12	14	-	8	5.0	0.6	10	5.4	0.5	14	6.4	0.5	14	6.8	0.5	14	7.3	0.5	11.9%	19.6%
13 - 16	21	1	19	19.8	1.0	18	21.4	1.2	21	25.7	1.2	21	27.2	1.3	21	29.0	1.4	5.3%	30.6%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on developing and implementing macro strategies, and undertaking studies and analyses around developing an integrated, multimodal system of transport. The bulk of the spending is concentrated in the *Modelling and Economic Analysis* and the *Logistics* subprogrammes. Spending is expected to deliver an updated national transport planning databank, national household travel survey project support and secretariat services over the medium term. Increased spending over the MTEF period in the *Logistics* subprogramme on goods and services is expected to facilitate the development and implementation of macro strategies, aimed at reducing greenhouse gas emissions in the transport sector and integrating local, regional and continental transport infrastructure and operations.

Expenditure in the *Modelling and Economic Analysis* subprogramme between 2012/13 and 2013/14 increased significantly due to the national household travel survey, which cost R40.9 million to conduct in 2012/13. This explains the significant spending on consultants, who provide specialised modelling skills and research with regard to transport planning. Spending on consultants amounted to R38.2 million in 2013/14, which equated to 48.3 per cent of the programme's total budget and is expected to remain stable over the medium term as the statistical analysis required for the national household survey is completed. In 2013/14, spending on consultants is expected to support projects such as the establishment of the single transport economic regulator, the annual integrated transport sector BEE survey and the macro planning framework. The increases in expenditure on travel and subsistence, and venues and facilities in 2012/13 and 2013/14 were due to workshops held in provinces on the Integrated Transport Sector Broad Based Black Economic Empowerment Charter.

Expenditure on compensation of employees took up 41.6 per cent of the programme budget in 2013/14, following a decrease in 2012/13 due to the realignment of the organisational structure, which necessitated a modal reporting arrangement to improve coordination between programmes. Personnel numbers are expected to increase from 52 in 2013/14 to 71 in 2016/17, as all vacancies are filled after the completion of department restructuring in 2012/13. The vacancy rate for the programme was 26.8 per cent at the end of November 2013. To counter the negative effects of this high rate, the department appoints contract employees against vacant posts on a month-to-month basis.

Programme expenditure is expected to increase over the medium term due to an average annual increase of 10.6 per cent in compensation of employees as efforts are made to increase the staff complement over this period.

## Programme 3: Rail Transport

### Objectives

- Ensure a sustainable rail infrastructure network by developing a national rail policy by 2014/15 and facilitating the implementation of the Moloto rail development corridor project in 2016/17.
- Enhance performance and efficiency in the rail sector by:
  - identifying 7 priority commuter rail corridors to be expanded and modernised by 2014/15
  - reviewing Transnet's branch lines strategy in 2014/15.
- Regulate and enhance rail transport safety by developing a national rail safety strategy and reviewing the National Railway Safety Regulator Act (2002) by 2015/16.
- Improve commuter rail services by facilitating, coordinating and monitoring the Passenger Rail Agency of South Africa's capital programme on a continuous basis.

### Subprogrammes

- *Rail Regulation* is responsible for the development of rail policy, and safety and economic regulations to improve safety and efficiency in rail transport. In 2012/13, the Interim Rail Economic Regulator was established, the Green Paper on Rail Policy that seeks to enhance efficiencies and reliability in rail transport sector was published and the cost benefit analysis began after consultation with stakeholders. In 2013/14, the strengthening of the regulator was supported, and the draft Economic Regulation of Transport Bill was published for comment. This subprogramme had a staff complement of 8 in 2013/14.
- *Rail Infrastructure and Industry Development* coordinates the development, maintenance of and investment in rail infrastructure. In 2012/13, R2.6 million was spent on a feasibility study that analysed the engineering, economic, legal and financial aspects of the rolling stock procurement process. The study's findings were approved by Cabinet in December 2011 and the Passenger Rail Agency of South Africa started the procurement process in April 2012. In 2013/14, a draft option analysis to the Moloto rail development corridor was produced and circulated to stakeholders for comment, and continued oversight of the Passenger Rail Agency of South Africa's capital programme was provided. This subprogramme had a staff complement of 7 in 2013/14.
- *Rail Operations* coordinates the implementation of integrated rail services, and monitors and analyses service delivery challenges facing the rail industry. In 2012/13, a service level agreement between the

Passenger Rail Agency of South Africa and the department was concluded and piloted. In 2013/14, due diligence studies continued in Cape Town, eThekweni and Gauteng. The studies are carried out by the Passenger Rail Agency of South Africa to quantify the financial and operational implications of devolving the rail operational subsidies to the municipality. This subprogramme had a staff complement of 4 in 2013/14.

- *Rail Oversight* makes transfers to the Passenger Rail Agency of South Africa and the Railway Safety Regulator. This subprogramme had a staff complement of 1 in 2013/14.
- *Rail Administration Support* provides support services to the entire programme. This entails preparing submissions, facilitating departmental meetings, implementing projects, and business planning. This subprogramme had a staff complement of 6 in 2013/14.

## Expenditure estimates

**Table 37.9 Rail Transport**

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)		Expenditure/total: Average (%)	
	2010/11	2011/12	2012/13		2010/11	2013/14	2014/15	2015/16	2016/17	2013/14	2016/17		
R million													
Rail Regulation	5.9	6.5	8.2	13.4	31.3%	0.1%	13.9	14.5	15.3	4.5%	0.1%		
Rail Infrastructure and Industry Development	4.3	2.1	3.9	9.4	30.0%	–	10.8	11.3	12.0	8.5%	0.1%		
Rail Operations	5.5	3.9	5.1	7.9	13.0%	0.1%	7.1	7.5	8.0	0.5%	–		
Rail Oversight	9 239.2	9 516.9	10 267.3	11 205.6	6.6%	99.8%	14 997.8	18 323.6	19 348.8	20.0%	99.8%		
Rail Administration Support	4.8	2.8	2.1	3.5	-9.8%	–	5.0	5.1	5.4	15.4%	–		
<b>Total</b>	<b>9 259.7</b>	<b>9 532.2</b>	<b>10 286.6</b>	<b>11 239.8</b>	<b>6.7%</b>	<b>100.0%</b>	<b>15 034.6</b>	<b>18 362.0</b>	<b>19 389.6</b>	<b>19.9%</b>	<b>100.0%</b>		
Change to 2013 Budget estimate				(0.9)			347.8	337.7	409.7				

### Economic classification

<b>Current payments</b>	<b>20.4</b>	<b>15.2</b>	<b>19.2</b>	<b>34.2</b>	<b>18.7%</b>	<b>0.2%</b>	<b>36.7</b>	<b>38.4</b>	<b>40.8</b>	<b>6.1%</b>	<b>0.2%</b>
Compensation of employees	9.0	8.4	12.7	18.8	28.0%	0.1%	20.8	22.0	23.5	7.7%	0.1%
Goods and services	11.5	6.8	6.5	15.3	10.2%	0.1%	15.9	16.4	17.3	4.1%	0.1%
<i>of which:</i>											
Communication	0.2	0.1	0.1	0.1	-14.3%	–	1.0	1.1	1.1	102.3%	–
Consultants and professional services:	5.6	6.0	5.3	6.6	6.1%	0.1%	6.6	6.8	7.2	2.7%	–
Business and advisory services											
Operating leases	0.2	0.1	0.1	0.1	-20.9%	–	0.1	0.1	0.1	3.9%	–
Travel and subsistence	2.1	0.5	0.6	0.6	-33.0%	–	0.9	0.9	1.0	15.4%	–
<b>Transfers and subsidies</b>	<b>9 239.2</b>	<b>9 516.9</b>	<b>10 267.3</b>	<b>11 205.6</b>	<b>6.6%</b>	<b>99.8%</b>	<b>14 997.8</b>	<b>18 323.6</b>	<b>19 348.8</b>	<b>20.0%</b>	<b>99.8%</b>
Provinces and municipalities	438.4	5.3	–	–	-100.0%	1.1%	–	–	–	–	–
Departmental agencies and accounts	35.6	37.5	39.3	46.5	9.3%	0.4%	51.5	53.9	56.7	6.8%	0.3%
Public corporations and private enterprises	8 765.2	9 474.1	10 227.9	11 159.1	8.4%	98.3%	14 946.3	18 269.7	19 292.1	20.0%	99.4%
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>11.3%</b>	<b>–</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>
Machinery and equipment	0.1	0.1	0.1	0.1	11.3%	–	0.1	–	–	-100.0%	–
<b>Total</b>	<b>9 259.7</b>	<b>9 532.2</b>	<b>10 286.6</b>	<b>11 239.8</b>	<b>6.7%</b>	<b>100.0%</b>	<b>15 034.6</b>	<b>18 362.0</b>	<b>19 389.6</b>	<b>19.9%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>31.8%</b>	<b>23.1%</b>	<b>26.2%</b>	<b>26.5%</b>			<b>30.9%</b>	<b>34.1%</b>	<b>34.1%</b>		

### Details of selected transfers and subsidies

<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
Capital	438.4	5.3	–	–	-100.0%	1.1%	–	–	–	–	–
Gautrain rapid rail link	438.4	5.3	–	–	-100.0%	1.1%	–	–	–	–	–
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>35.6</b>	<b>37.5</b>	<b>39.3</b>	<b>46.5</b>	<b>9.3%</b>	<b>0.4%</b>	<b>51.5</b>	<b>53.9</b>	<b>56.7</b>	<b>6.8%</b>	<b>0.3%</b>
Railway Safety Regulator	35.6	37.5	39.3	46.5	9.3%	0.4%	51.5	53.9	56.7	6.8%	0.3%

Table 37.9 Rail Transport

Details of selected transfers and subsidies	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Public corporations - subsidies on products and production</b>											
<b>Current</b>	3 154.9	3 339.3	3 526.8	3 678.0	5.2%	34.0%	3 887.3	4 066.2	4 281.7	5.2%	24.9%
Passenger Rail Agency of South Africa	3 154.9	3 339.3	3 526.8	3 678.0	5.2%	34.0%	3 887.3	4 066.2	4 281.7	5.2%	24.9%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Capital</b>	5 610.3	6 134.8	6 701.1	6 831.1	6.8%	62.7%	11 059.0	14 203.5	15 010.4	30.0%	73.6%
Passenger Rail Agency of South Africa	5 110.3	6 134.8	6 701.1	6 831.1	10.2%	61.5%	11 059.0	14 203.5	15 010.4	30.0%	73.6%
Passenger Rail Agency of South Africa (Public transport infrastructure and systems grant)	500.0	-	-	-	-100.0%	1.2%	-	-	-	-	-
<b>Public corporations and private enterprises</b>											
<b>Private enterprises</b>											
<b>Private enterprises - subsidies on products and production</b>											
<b>Current</b>	-	-	-	650.0	-	1.6%	-	-	-	-100.0%	1.0%
Passenger Rail Agency of South Africa: Shosholoza Meyl	-	-	-	650.0	-	1.6%	-	-	-	-100.0%	1.0%

## Personnel information

Table 37.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Rail Transport	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Salary level	41	1	24	12.7	0.5	25	18.8	0.8	41	20.8	0.5	41	22.0	0.5	41	23.5	0.6	17.9%	100.0%
1 - 6	9	-	6	1.0	0.2	7	1.4	0.2	9	1.6	0.2	9	1.7	0.2	9	1.8	0.2	8.7%	23.0%
7 - 10	12	-	6	1.7	0.3	5	2.5	0.5	12	2.8	0.2	12	2.9	0.2	12	3.1	0.3	33.9%	27.7%
11 - 12	10	-	7	4.6	0.7	8	6.9	0.9	10	7.6	0.8	10	8.1	0.8	10	8.6	0.9	7.7%	25.7%
13 - 16	10	1	5	5.4	1.1	5	8.0	1.6	10	8.8	0.9	10	9.3	0.9	10	9.9	1.0	26.0%	23.6%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on making transfers to the Passenger Rail Agency of South Africa to replace the signalling systems and ageing rolling stock and upgrade rail infrastructure. R3.2 billion in additional funds was allocated in the 2013 Budget to support the replacement of the signalling systems, which will be done in 2014/15. Spending in the *Rail Oversight* subprogramme is expected to increase to R19.3 billion by 2016/17 as a result. Additional transfers will be made to the agency to offset the effect of foreign exchange fluctuations on the fleet renewal programme. The operational subsidy constituted 33 per cent of total transfers to the agency in 2013/14, or R3.7 billion in that year. R650 million has been reprioritised from the capital transfer in 2013/14 to the agency's budget to address the operational shortfall for the Shosholoza Meyl mainline passenger long distance service.

Spending on the *Rail Regulation* subprogrammes is expected to increase at an average annual rate of 4.5 per cent over the medium term, with a rate of 8.5 per cent expected in the *Rail Infrastructure and Industry Development* subprogramme due to the projected increase in spending on compensation of employees and the use of consultants to assist the department in the development of policy and related legislation. While spending on compensation of employees equates to only 0.2 per cent of the programme's total expenditure in 2013/14, it accounts for 55.1 per cent of the programme's operational spending. Spending on this item is expected to increase to R23.5 million in 2016/17 as the programme increases its number of filled personnel posts from 25 in 2013/14 to 41 over the medium term. At the end of November 2013, the vacancy rate was 39 per cent. To counter the negative effects of this high rate, the department appoints contract employees against vacant posts

on a month-to-month basis. Consultants are used primarily to review the branch line strategy and rail policy with spending on these services expected to remain constant over the medium term.

## Programme 4: Road Transport

### Objectives

- Ensure a sustainable road infrastructure network by implementing the road infrastructure asset management programme on an ongoing basis.
- Regulate and enhance road transport safety by:
  - developing and implementing a road safety policy by 2016/17
  - reviewing the National Road Traffic Act (1996) and associated regulations by 2016/17
  - developing the 365 days road safety programme by 2014/15 and implementing the programme on an ongoing basis.
- Contribute to improved rural access and mobility by developing a non-motorised transport policy by 2016/17.

### Subprogrammes

- *Road Regulation* regulates road safety and traffic management, manages relevant information systems and programmes, and exercises oversight over the inspectorate for driving licences and vehicle testing stations. In 2012/13, the Administrative Adjudication of Road Traffic Offence Amendment Bill and the legislation on the implementation of periodic motor vehicle testing was drafted and published for public comment. In 2013/14 the National Road Traffic Act (1996) was amended to incorporate the safety requirements in all motor vehicles, and forensic investigators were appointed to look into fraud concerning roadworthy vehicle certificates. This subprogramme had a staff complement of 35 in 2013/14.
- *Road Infrastructure and Industry Development* facilitates and coordinates the planning, development and implementation of a sustainable reliable integrated road infrastructure network and capacity enhancement in the industry. In 2012/13, the draft non-motorised transport plans for Polokwane and Moses Kotane local municipalities were completed. In 2013/14, critical roads were maintained through provincial road maintenance grant funding and fiscal transfers to the South African National Roads Agency, and 21 district municipalities were assisted in developing non-motorised transport infrastructure and facilities. This subprogramme had a staff complement of 9 in 2013/14.
- *Road Oversight* reviews and analyses the performance of road transport public entities and monitors their compliance with regulations and legislation. The subprogramme also transfers funds to the South African Roads Agency, the Road Traffic Management Corporation and the Road Traffic Infringement Agency. In 2013/14, all strategic plans and annual performance plans for public entities were approved, and quarterly performance reports were submitted. This subprogramme had a staff complement of 5 in 2013/14.
- *Road Administration Support* provides administrative support services to the programme. This entails preparing submissions, facilitating departmental meetings, implementing projects and business planning. This subprogramme had a staff complement of 9 in 2013/14.
- *Road Engineering Standards* develops and implements road engineering standards, and coordinates the development of asset management system for safe and resilient road infrastructure. In 2012/13, the road infrastructure asset management policy and the road infrastructure asset management policy were completed. In 2013/14, provinces submitted data to inform the prioritisation of projects in roads asset management systems. In addition, a new standards document aligning the country's highway standards was developed and presented to the committee of transport officials. This subprogramme had a staff complement of 10 in 2013/14.

## Expenditure estimates

Table 37.11 Road Transport

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Road Regulation	238.0	459.0	327.5	35.5	-47.0%	1.5%	30.7	32.7	36.0	0.5%	0.2%
Road Infrastructure and Industry Development	52.5	30.9	37.8	39.4	-9.1%	0.2%	44.2	45.0	46.0	5.3%	0.2%
Road Oversight	11 019.7	21 229.3	17 848.6	19 489.9	20.9%	98.1%	21 550.7	22 753.5	23 771.6	6.8%	99.6%
Road Administration Support	38.5	3.8	7.1	7.3	-42.7%	0.1%	6.8	7.3	8.0	3.2%	-
Road Engineering Standards	12.0	6.9	8.3	8.4	-11.4%	0.1%	13.0	13.6	14.6	20.3%	0.1%
<b>Total</b>	<b>11 360.7</b>	<b>21 729.8</b>	<b>18 229.4</b>	<b>19 580.5</b>	<b>19.9%</b>	<b>100.0%</b>	<b>21 645.3</b>	<b>22 852.1</b>	<b>23 876.2</b>	<b>6.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				39.0			226.4	168.9	(10.1)		

## Economic classification

<b>Current payments</b>	<b>339.5</b>	<b>500.3</b>	<b>379.8</b>	<b>100.7</b>	<b>-33.3%</b>	<b>1.9%</b>	<b>99.7</b>	<b>104.0</b>	<b>110.2</b>	<b>3.0%</b>	<b>0.5%</b>
Compensation of employees	34.8	28.5	33.7	53.4	15.3%	0.2%	50.6	53.6	57.2	2.3%	0.2%
Goods and services	304.8	471.8	346.1	47.4	-46.2%	1.7%	49.1	50.3	53.0	3.8%	0.2%
of which:											
Communication	0.5	0.7	0.5	0.9	23.6%	-	0.9	1.0	1.1	4.9%	-
Consultants and professional services: Business and advisory services	146.7	440.2	333.1	38.4	-36.0%	1.4%	36.8	37.3	38.4	-	0.2%
Operating leases	1.3	0.3	0.5	0.5	-26.8%	-	0.6	0.6	0.7	12.0%	-
Travel and subsistence	7.4	5.8	6.5	5.1	-11.7%	-	8.6	9.1	10.2	26.0%	-
<b>Transfers and subsidies</b>	<b>11 019.7</b>	<b>21 229.4</b>	<b>17 848.6</b>	<b>19 479.1</b>	<b>20.9%</b>	<b>98.1%</b>	<b>21 545.0</b>	<b>22 747.4</b>	<b>23 765.2</b>	<b>6.9%</b>	<b>99.5%</b>
Provinces and municipalities	4 101.5	6 732.8	8 019.1	8 790.0	28.9%	39.0%	9 436.7	10 050.0	10 394.9	5.7%	44.0%
Departmental agencies and accounts	6 918.1	14 496.5	9 829.5	10 689.1	15.6%	59.1%	12 108.3	12 697.4	13 370.4	7.7%	55.6%
Households	-	0.1	0.0	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.1</b>	<b>0.5</b>	<b>0.6</b>	<b>44.9%</b>	<b>-</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>5.3%</b>	<b>-</b>
Machinery and equipment	0.2	0.1	0.5	0.6	44.9%	-	0.7	0.7	0.7	5.3%	-
<b>Payments for financial assets</b>	<b>1.3</b>	<b>0.0</b>	<b>0.4</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>11 360.7</b>	<b>21 729.8</b>	<b>18 229.4</b>	<b>19 580.5</b>	<b>19.9%</b>	<b>100.0%</b>	<b>21 645.3</b>	<b>22 852.1</b>	<b>23 876.2</b>	<b>6.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>39.0%</b>	<b>52.7%</b>	<b>46.4%</b>	<b>46.2%</b>			<b>44.4%</b>	<b>42.5%</b>	<b>42.0%</b>		

## Details of selected transfers and subsidies

<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Capital</b>	<b>4 091.1</b>	<b>6 697.4</b>	<b>7 981.8</b>	<b>8 737.8</b>	<b>28.8%</b>	<b>38.8%</b>	<b>9 361.5</b>	<b>9 952.3</b>	<b>10 291.9</b>	<b>5.6%</b>	<b>43.6%</b>
Overload control grant	11.0	-	-	-	-100.0%	-	-	-	-	-	-
Provincial roads maintenance grant: Roads maintenance	4 080.1	5 872.4	6 828.5	7 519.5	22.6%	34.3%	7 956.2	8 934.0	9 407.5	7.8%	38.4%
Provincial roads maintenance grant: Disaster relief	-	240.0	489.9	409.4	-	1.6%	602.3	178.4	-	-100.0%	1.4%
Provincial roads maintenance grant: Coal haulage road network maintenance	-	585.0	663.4	808.9	-	2.9%	803.0	839.9	884.5	3.0%	3.8%
<b>Provinces and municipalities</b>											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	<b>10.4</b>	<b>35.4</b>	<b>37.3</b>	<b>52.2</b>	<b>71.2%</b>	<b>0.2%</b>	<b>75.2</b>	<b>97.8</b>	<b>102.9</b>	<b>25.4%</b>	<b>0.4%</b>
Rural roads asset management systems grant	10.4	35.4	37.3	52.2	71.2%	0.2%	75.2	97.8	102.9	25.4%	0.4%
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>2 852.9</b>	<b>3 019.2</b>	<b>3 226.9</b>	<b>3 645.7</b>	<b>8.5%</b>	<b>18.0%</b>	<b>3 927.5</b>	<b>4 151.7</b>	<b>4 371.8</b>	<b>6.2%</b>	<b>18.3%</b>
Road Traffic Management Corporation	73.6	77.9	82.4	166.9	31.4%	0.6%	176.0	184.1	193.9	5.1%	0.8%
South African National Roads Agency	2 779.3	2 924.2	3 125.5	3 453.7	7.5%	17.3%	3 736.1	3 951.6	4 161.1	6.4%	17.4%
Road Traffic Infringement Agency	-	17.0	19.0	25.0	-	0.1%	15.3	16.0	16.9	-12.3%	0.1%
<b>Capital</b>	<b>4 065.2</b>	<b>11 477.3</b>	<b>6 602.6</b>	<b>7 043.5</b>	<b>20.1%</b>	<b>41.2%</b>	<b>8 180.8</b>	<b>8 545.7</b>	<b>8 998.6</b>	<b>8.5%</b>	<b>37.3%</b>
South African National Roads Agency: Gauteng freeway improvement project	-	5 750.0	-	-	-	8.1%	-	-	-	-	-
South African National Roads Agency: Non-toll network	4 065.2	5 262.6	5 934.6	6 394.5	16.3%	30.5%	7 515.3	7 849.6	8 265.6	8.9%	34.1%
South African National Roads Agency: Coal haulage network	-	464.8	668.0	648.9	-	2.5%	665.5	696.1	733.0	4.1%	3.1%

## Personnel information

Table 37.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Road Transport																			
Salary level	119	2	76	33.7	0.4	76	53.4	0.7	119	50.6	0.4	119	53.6	0.5	119	57.2	0.5	16.1%	100.0%
1 – 6	15	–	11	1.7	0.2	11	2.7	0.2	15	2.5	0.2	15	2.7	0.2	15	2.8	0.2	10.9%	12.9%
7 – 10	53	1	36	11.3	0.3	36	17.9	0.5	53	17.0	0.3	53	18.0	0.3	53	19.2	0.4	13.8%	45.0%
11 – 12	35	–	21	12.4	0.6	21	19.6	0.9	35	18.6	0.5	35	19.7	0.6	35	21.0	0.6	18.6%	29.1%
13 – 16	16	1	8	8.3	1.0	8	13.2	1.6	16	12.5	0.8	16	13.2	0.8	16	14.1	0.9	26.0%	12.9%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on facilitating capital investment and the development of roads and road infrastructure in South Africa through the transfer of funds to provinces, rural municipalities and the South African National Roads Agency. As a result, expenditure under transfers and subsidies in the *Road Oversight* subprogramme amounts to 99.5 per cent of the programme, or R19.5 billion, in 2013/14. These transfers are mainly to the South African National Roads Agency for non-toll and coal haulage networks, and for transfers to provinces through the provincial roads maintenance grant for road maintenance and coal haulage network upgrade and maintenance. In 2011/12, expenditure on transfers to the South African National Roads Agency increased due to a once-off allocation of R5.8 billion for the Gauteng freeway improvement project, which caused a spike in spending in the *Road Oversight* subprogramme in the same year.

While spending on compensation of employees was equivalent to 0.3 per cent of the programme's total expenditure in 2013/14, it did amount to 53 per cent of the operational budget, which excludes transfers. Spending on compensation of employees increased by 58.5 per cent in 2013/14, as efforts were made to fill vacant posts. At the end of November 2013, the programme had 76 filled posts and a vacancy rate of 36.1 per cent. The vacancy rate negatively impacts the programme's ability to deliver on its strategic goals and objectives, however, as a backup mechanism; the department appoints contract employees against vacant posts on a month to month basis until posts are finally filled to ensure that service delivery is not negatively affected.

Spending on consultants in the programme decreased significantly between 2010/11 and 2013/14, at an average annual rate of 36 per cent, due to the department not having received transaction fees for the maintenance and upgrade of the electronic national traffic information system, which falls under the *Road Regulation* subprogramme. Funding for this system is allocated once National Treasury receives proof that funds have been deposited into the National Revenue Fund. Expenditure over the medium term on this item is expected to be higher than reflected because the electronic national information systems transaction fee revenue has not yet been finalised. However, the department expects to receive the revenue from these fees over the medium term, as reflected in the departmental receipts table.

As part of the Cabinet approved budget changes, a reprioritisation of R63 million in 2014/15 within the provincial road maintenance grant from the Mpumalanga coal haulage allocation to KwaZulu-Natal is to fund the development of access roads to the Avon peaking power station to ensure security of supply in the electricity sector. A peaking power station is only brought on line when demand is high.

## Programme 5: Civil Aviation

### Objectives

- Ensure effective air transport economic regulation through the implementation of the national civil aviation policy, the national airports development plan, and enhancing regional and international cooperation on an ongoing basis.

- Improve civil aviation safety by:
  - reviewing the national security programme through consultations in 2014/15 and amending the programme in 2015/16
  - promulgating civil aviation regulations in 2014/15
  - amending the Civil Aviation Act (2009) in 2014/15 to establish a regional independent aviation accident investigation body.
- Minimise the adverse effects of aviation on the environment by developing a draft aviation fuel strategy in line with the International Civil Aviation Organisation resolution by 2014/15 and implementing the strategy in 2015/16.

## Subprogramme

- *Aviation Policy and Regulations* develops and maintains the civil aviation regulatory regime to respond to national imperatives and international standards, norms and protocols. In 2012/13, ministerial submissions on various civil aviation conventions and protocols were prepared. In 2013/14, the draft airlift strategy, the national airports development plan and the White Paper on Civil Aviation Policy were completed and will be submitted to Cabinet. This subprogramme had a staff complement of 29 in 2013/14.
- *Aviation Economic Analysis and Industry Development* provides aviation economic analysis and develops strategies for industry development and airfreight logistics activities. In 2012/13, the funding models for the Airports Company of South Africa and the Air Traffic and Navigation Services Company were completed and adopted in principle by the industry. In 2013/14, the draft amendment bills for the Airports Company of South Africa and Air Traffic and Navigation Services Company were developed. Consultation is ongoing. This subprogramme had a staff complement of 13 in 2013/14.
- *Aviation Safety, Security, Environment and Search and Rescue* develops and monitors South Africa's aviation safety, security, environment, and search and rescue regime; and manages investigations of aviation accidents and serious incidents for the purposes of identifying deficiencies to make recommendations on mechanisms to address these deficiencies. An appeals committee was established in 2013/14 to adjudicate appeals from aviation industry stakeholders who are aggrieved by South African Civil Aviation Authority decisions. This subprogramme had a staff complement of 15 in 2013/14.
- *Aviation Oversight* monitors the performance of the Airports Company South Africa, the Air Traffic and Navigation Services Company and the South African Civil Aviation Authority in line with the legislative framework. This subprogramme had a staff complement of 2 in 2013/14.
- *Aviation Administration Support* provides project and financial administration support to the entire programme. This entails preparing submissions, facilitating departmental meetings, implementing projects, and business planning. This subprogramme had a staff complement of 9 in 2013/14.

## Expenditure estimates

Table 37.13 Civil Aviation

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Aviation Policy and Regulations	14.7	23.5	22.3	26.5	21.7%	11.3%	22.6	23.9	25.2	-1.6%	13.9%
Aviation Economic Analysis and Industry Development	8.1	4.2	5.5	8.6	2.2%	3.4%	11.3	11.9	12.6	13.3%	6.3%
Aviation Safety, Security Environment and Search and Rescue	8.6	5.5	9.2	62.8	93.8%	11.1%	69.7	71.4	75.4	6.3%	39.4%
Aviation Oversight	12.1	23.4	25.0	35.7	43.3%	12.4%	39.0	40.9	43.0	6.5%	22.4%
Aviation Administration Support	9.6	8.4	4.7	4.9	-20.0%	3.6%	5.6	5.9	6.4	9.6%	3.2%
Mthatha Airport	-	-	345.2	104.8	-	58.2%	-	-	-	-100.0%	14.8%
<b>Total</b>	<b>53.1</b>	<b>65.0</b>	<b>411.8</b>	<b>243.3</b>	<b>66.1%</b>	<b>100.0%</b>	<b>148.3</b>	<b>154.0</b>	<b>162.7</b>	<b>-12.6%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				103.3			1.9	1.9	2.1		

Table 37.13 Civil Aviation

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17	2013/14 - 2016/17
	R million						2013/14	2014/15	2015/16			2016/17	2013/14 - 2016/17
<b>Current payments</b>	<b>41.0</b>	<b>41.1</b>	<b>386.5</b>	<b>208.8</b>	<b>72.1%</b>	<b>87.6%</b>	<b>111.6</b>	<b>115.7</b>	<b>122.3</b>	<b>-16.3%</b>	<b>78.9%</b>		
Compensation of employees	22.7	29.5	29.2	30.7	10.5%	14.5%	36.1	38.2	40.8	10.0%	20.6%		
Goods and services	18.3	11.6	357.3	178.1	113.6%	73.1%	75.6	77.5	81.6	-22.9%	58.3%		
of which:													
Communication	0.4	0.5	0.5	0.3	-3.7%	0.2%	52.9	54.1	56.9	466.5%	23.2%		
Consultants and professional services: Business and advisory services	11.5	2.5	347.6	169.0	144.6%	68.6%	12.8	13.2	13.8	-56.6%	29.5%		
Operating leases	0.8	0.2	0.6	0.4	-23.9%	0.3%	0.4	0.4	0.5	9.1%	0.2%		
Travel and subsistence	2.4	4.7	5.3	4.9	26.7%	2.2%	6.3	6.5	6.9	12.3%	3.5%		
<b>Transfers and subsidies</b>	<b>12.1</b>	<b>23.8</b>	<b>25.0</b>	<b>34.1</b>	<b>41.2%</b>	<b>12.3%</b>	<b>36.2</b>	<b>37.9</b>	<b>39.9</b>	<b>5.4%</b>	<b>20.9%</b>		
Departmental agencies and accounts	8.2	16.2	17.0	24.7	44.2%	8.6%	26.1	27.3	28.8	5.3%	15.1%		
Foreign governments and international organisations	3.9	7.2	7.9	8.0	27.1%	3.5%	8.5	8.9	9.3	5.2%	4.9%		
Non-profit institutions	-	-	-	1.4	-	0.2%	1.6	1.7	1.8	7.0%	0.9%		
Households	-	0.4	0.0	-	-	0.1%	-	-	-	-	-		
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>	<b>123.7%</b>	<b>0.1%</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>5.3%</b>	<b>0.2%</b>		
Machinery and equipment	0.0	0.1	0.3	0.4	123.7%	0.1%	0.4	0.4	0.5	5.3%	0.2%		
<b>Total</b>	<b>53.1</b>	<b>65.0</b>	<b>411.8</b>	<b>243.3</b>	<b>66.1%</b>	<b>100.0%</b>	<b>148.3</b>	<b>154.0</b>	<b>162.7</b>	<b>-12.6%</b>	<b>100.0%</b>		
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.2%</b>	<b>0.2%</b>	<b>1.0%</b>	<b>0.6%</b>			<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>				

## Details of selected transfers and subsidies

Departmental agencies and accounts	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17			
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>8.2</b>	<b>16.2</b>	<b>17.0</b>	<b>24.7</b>	<b>44.2%</b>	<b>8.6%</b>	<b>26.1</b>	<b>27.3</b>	<b>28.8</b>	<b>5.3%</b>	<b>15.1%</b>
South African Civil Aviation Authority	8.2	16.2	17.0	18.2	30.2%	7.7%	19.2	20.1	21.2	5.3%	11.1%
South African Maritime Safety Authority	-	-	-	6.5	-	0.8%	6.9	7.2	7.6	5.3%	4.0%
<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>3.9</b>	<b>7.2</b>	<b>7.9</b>	<b>8.0</b>	<b>27.1%</b>	<b>3.5%</b>	<b>8.5</b>	<b>8.9</b>	<b>9.3</b>	<b>5.2%</b>	<b>4.9%</b>
International Civil Aviation Organisation	2.5	4.8	5.0	3.5	11.6%	2.1%	3.7	3.9	4.1	5.3%	2.1%
Cospas search and rescue satellite aided tracking	-	-	-	0.4	-	0.1%	0.4	0.5	0.5	5.3%	0.3%
African Civil Aviation Commission	1.4	2.4	2.9	4.1	43.9%	1.4%	4.3	4.5	4.7	5.2%	2.5%

## Personnel information

Table 37.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Civil Aviation	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary Level	75	5	54	29.2	0.5	58	30.7	0.5	75	36.1	0.5	75	38.2	0.5	75	40.8	0.5	8.9%	100.0%
1 - 6	14	-	12	2.1	0.2	13	2.2	0.2	14	2.6	0.2	14	2.8	0.2	14	2.9	0.2	2.5%	19.4%
7 - 10	31	2	21	7.2	0.3	25	7.6	0.3	31	8.9	0.3	31	9.5	0.3	31	10.1	0.3	7.4%	41.7%
11 - 12	16	-	11	8.0	0.7	11	8.4	0.8	16	9.9	0.6	16	10.5	0.7	16	11.2	0.7	13.3%	20.8%
13 - 16	14	3	10	11.9	1.2	9	12.5	1.4	14	14.7	1.0	14	15.5	1.1	14	16.6	1.2	15.9%	18.0%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on improving civil aviation safety and ensuring effective air transport economic regulation and minimising the adverse effects of aviation on the environment as well as making transfers to departmental agencies and international aviation organisations. Therefore, spending in the *Aviation Safety, Security, Environment, and Search and Rescue* and *Aviation Oversight* subprogrammes accounts for the majority of the programme budget over the medium term. Spending in the *Aviation Safety, Security Environment, and Search and Rescue* programme is expected to increase significantly in 2013/14 due

to the shift in search and rescue function from the *Maritime Transport* programme to the *Civil Aviation* programme. As a result of this shift, communications in the programme's goods and services budget is expected to increase at an average annual rate of 466.5 per cent over the MTEF period.

Expenditure in the *Aviation Oversight* subprogramme increased between 2010/11 and 2013/14 as a result of larger transfers to the South African Civil Aviation Authority to improve the authority's accident and incident investigation function. The Civil Aviation Act (2009) will be amended over the medium term to establish an independent accident and incident investigation body.

Spending on compensation of employees in the programme is projected to increase to R36.1 million in 2014/15 and is expected to continue to grow at an average annual rate of 10 per cent over the medium term as the programme increases its number of filled posts from 58 in 2013/14 to 75. At the end of November 2013, the programme had a vacancy rate of 22.7 per cent. To counter the negative effects of this high rate, the department appoints contract employees against vacant posts on a month-to-month basis.

Programme expenditure increased significantly in 2012/13 and 2013/14 as a result of the upgrade of the Mthatha Airport, which also resulted in increased spending on consultants for the development of the taxiway and runway. This increased the proportion of goods and services to 86.8 per cent of total programme expenditure in 2012/13. Consultants were hired between 2010/11 and 2013/14 to assist the department with the establishment of the aviation appeals committee, and R2.4 million is reprioritised over the medium term to finance the search and rescue function within the department. Spending on goods and services is projected to decline at an average annual rate of 22.9 per cent over the MTEF period as the Mthatha Airport upgrade was finalised in 2013/14.

## Programme 6: Maritime Transport

### Objectives

- Ensure a sustainable transport infrastructure network by developing a green paper on maritime transport policy by 2015/16.
- Ensure the implementation of the National Ports Act (2005) by facilitating consultative committees to optimise port tariffs, monitor infrastructure development of ports and monitor the issuing of licences for port terminal operations on an annual basis.
- Contribute to the reduction of the number of accidents and incidents in the sea environment by reviewing maritime security regulations in 2014/15 and drafting amendments to legislation in 2015/16.
- Contribute to the reduction of the levels of pollution at sea through the development of a salvage strategy by 2016/17.

### Subprogrammes

- *Maritime Policy Development* develops and maintains a maritime regulatory regime that is responsive to national imperatives and international standards, norms and protocols. The subprogramme is also responsible for the development and maintenance of maritime policies and strategies. In 2012/13, R3 million was allocated to conduct an extensive consultation with government departments, public entities and the marine industry on the effectiveness of the administration of services of the current shipping registry, the development of the Green Paper on Maritime Shipping Policy and consultation on the review of the South African Maritime Authority Act (1998). In October 2012, the International Maritime Organisation's diplomatic conference on the adoption of the Torremolinos Convention on the Safety of Fishing Vessels was held in Cape Town. In 2013/14, the Green Paper on Maritime Shipping Policy was developed and published for consultation. This subprogramme had a staff complement of 6 in 2013/14.
- *Maritime Infrastructure and Industry Development* facilitates the development of an integrated maritime infrastructure and maritime industry. In 2013/14, R1.6 million was spent on hosting World Maritime Day in Kimberley. This subprogramme had a staff complement of 5 in 2013/14.
- *Implementation, Monitoring and Evaluations* ensures that legislation, policies and strategies pertaining to maritime safety, security and environment protection are implemented. In 2012/13, a monitoring and evaluation framework for the safety and security of navigation in the South African territorial waters and

inland waterways, piracy and marine environment protection was developed. In addition, compliance with the national and international legal instruments by implementing agents, such as the South African Maritime Safety Authority, Transnet National Ports Authority and the Department of Environment Affairs, was monitored. In 2013/14, draft ballast water legislation was developed and readied for public comment. It is expected to be gazetted by March 2014. This subprogramme had a staff complement of 10 in 2013/14.

- *Maritime Oversight* transfers allocations to public entities in the maritime field, the South African Maritime Safety Authority and the Ports Regulator and oversees these entities' compliance with relevant regulations and legislation. This subprogramme's total budget is transferred in full to the South African Maritime Safety Authority, the Ports Regulator and to international maritime organisations and non-profit search and rescue organisations for membership. This subprogramme had a staff complement of 5 in 2013/14.
- *Maritime Administration Support* provides project and financial administration support to the entire programme. This entails preparing submissions, facilitating departmental meetings, implementing projects, and business planning. This subprogramme had a staff complement of 2 in 2013/14.

## Expenditure estimates

Table 37.15 Maritime Transport

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)		
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	Average (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17	
R million												
Maritime Policy Development	5.7	10.5	7.2	11.2	25.6%	6.8%	13.1	15.2	16.6	13.9%	12.4%	
Maritime Infrastructure and Industry Development	62.3	74.6	5.1	10.5	-44.7%	29.8%	10.9	11.9	13.1	7.5%	10.3%	
Implementation, Monitoring and Evaluations	40.1	23.6	83.6	54.1	10.5%	39.4%	61.5	63.6	66.0	6.9%	54.2%	
Maritime Oversight	25.8	29.9	26.5	26.1	0.4%	21.2%	18.5	19.3	20.3	-7.9%	18.6%	
Maritime Administration Support	9.6	0.2	2.3	2.4	-36.7%	2.8%	6.7	5.4	5.8	33.8%	4.5%	
<b>Total</b>	<b>143.5</b>	<b>138.8</b>	<b>124.7</b>	<b>104.4</b>	<b>-10.1%</b>	<b>100.0%</b>	<b>110.6</b>	<b>115.4</b>	<b>121.8</b>	<b>5.3%</b>	<b>100.0%</b>	
Change to 2013 Budget estimate				(1.0)			(0.2)	(0.2)	(0.3)			
<b>Economic classification</b>												
<b>Current payments</b>	<b>117.6</b>	<b>108.8</b>	<b>98.0</b>	<b>80.2</b>	<b>-12.0%</b>	<b>79.1%</b>	<b>91.8</b>	<b>95.7</b>	<b>101.1</b>	<b>8.0%</b>	<b>81.6%</b>	
Compensation of employees	15.1	8.6	13.2	20.0	9.8%	11.1%	22.1	23.5	25.0	7.7%	20.0%	
Goods and services	102.5	100.1	84.8	60.2	-16.3%	68.0%	69.7	72.3	76.1	8.1%	61.5%	
of which:												
Communication	0.2	19.4	31.0	0.2	0.5%	9.9%	0.6	0.4	0.4	15.5%	0.3%	
Consultants and professional services: Business and advisory services	66.1	76.4	46.7	6.7	-53.3%	38.3%	62.0	65.6	68.9	117.0%	44.9%	
Operating leases	0.5	0.1	0.2	0.5	-5.5%	0.2%	0.1	0.0	0.0	-53.7%	0.1%	
Travel and subsistence	3.6	2.0	3.8	5.0	11.3%	2.8%	4.7	4.9	5.3	2.0%	4.4%	
<b>Transfers and subsidies</b>	<b>25.8</b>	<b>30.0</b>	<b>26.5</b>	<b>23.8</b>	<b>-2.6%</b>	<b>20.8%</b>	<b>18.5</b>	<b>19.3</b>	<b>20.3</b>	<b>-5.1%</b>	<b>18.1%</b>	
Departmental agencies and accounts	23.8	27.8	24.4	22.3	-2.1%	19.2%	16.9	17.6	18.6	-5.9%	16.7%	
Foreign governments and international organisations	0.8	0.9	0.8	1.5	21.9%	0.8%	1.6	1.7	1.8	5.3%	1.5%	
Non-profit institutions	1.2	1.3	1.4	-	-100.0%	0.7%	-	-	-	-	-	
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>63.4%</b>	<b>0.1%</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>5.4%</b>	<b>0.3%</b>	
Machinery and equipment	0.1	0.1	0.1	0.3	63.4%	0.1%	0.3	0.4	0.4	5.4%	0.3%	
<b>Total</b>	<b>143.5</b>	<b>138.8</b>	<b>124.7</b>	<b>104.4</b>	<b>-10.1%</b>	<b>100.0%</b>	<b>110.6</b>	<b>115.4</b>	<b>121.8</b>	<b>5.3%</b>	<b>100.0%</b>	
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.2%</b>			<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>			
<b>Details of selected transfers and subsidies</b>												
<b>Departmental agencies and accounts</b>												
<b>Departmental agencies (non-business entities)</b>												
<b>Current</b>	<b>23.8</b>	<b>27.8</b>	<b>24.4</b>	<b>22.3</b>	<b>-2.1%</b>	<b>19.2%</b>	<b>16.9</b>	<b>17.6</b>	<b>18.6</b>	<b>-5.9%</b>	<b>16.7%</b>	
South African Maritime Safety Authority	14.9	13.5	9.3	6.4	-24.6%	8.6%	-	-	-	-100.0%	1.4%	
Ports Regulator	8.8	14.4	15.1	15.9	21.7%	10.6%	16.9	17.6	18.6	5.3%	15.2%	
<b>Foreign governments and international organisations</b>												
<b>Current</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>1.5</b>	<b>21.9%</b>	<b>0.8%</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>	<b>5.3%</b>	<b>1.5%</b>	
Cospas search and rescue satellite aided tracking	0.3	0.3	0.4	-	-100.0%	0.2%	-	-	-	-	-	
International Maritime Organisation	0.3	0.1	0.4	1.2	54.1%	0.4%	1.3	1.4	1.5	5.3%	1.2%	
Indian Ocean memorandum of understanding	0.2	0.4	-	0.3	14.1%	0.2%	0.3	0.3	0.3	5.3%	0.3%	

## Personnel information

**Table 37.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Maritime Transport</b>																			
<b>Salary Level</b>	42	-	26	13.2	0.5	27	20.0	0.7	42	22.1	0.5	42	23.5	0.6	42	25.0	0.6	15.9%	100.0%
1 – 6	5	-	1	0.1	0.1	1	0.2	0.2	5	0.2	0.0	5	0.2	0.0	5	0.3	0.1	71.0%	10.5%
7 – 10	16	-	11	3.2	0.3	11	4.9	0.4	16	5.4	0.3	16	5.8	0.4	16	6.1	0.4	13.3%	38.6%
11 – 12	11	-	6	2.9	0.5	7	4.4	0.6	11	4.9	0.4	11	5.2	0.5	11	5.5	0.5	16.3%	26.1%
13 – 16	10	-	8	6.9	0.9	8	10.5	1.3	10	11.6	1.2	10	12.3	1.2	10	13.1	1.3	7.7%	24.8%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on implementing the National Ports Act (2005) and reducing the levels of pollution and the number of accidents and incidents at sea. As a result, the majority of the spending will be in the *Implementation, Monitoring and Evaluations* subprogramme and the *Maritime Oversight* subprogramme. The *Maritime Oversight* subprogramme is responsible for transferring funds to departmental agencies such as the South African Maritime Authority and the Ports Regulator. The allocations to the Ports Regulator increased by R7.1 million in 2013/14 from a reprioritisation of funds, to enhance its human resource capacity to fulfil its economic regulation mandate. Transfers to the regulator are expected to increase to R18.6 million by 2016/17. The transfers to the South African Maritime Safety Authority decreased from R14.9 million in 2010/11 to R6.4 million in 2013/14 as a result of reprioritisation and a reallocation in the department for the investigation of the feasibility study for undertaking tug boat services and developing maritime revenue sources. These transfers will cease to exist in this programme over the MTEF period and the marine rescue coordination centre will continue to be paid for in the *Civil Aviation* programme.

Personnel numbers are expected to increase from 27 in 2013/14 to 42 in 2014/15, resulting in an expected increase in compensation of employees to R25 million in 2016/17 as the department implements its recruitment drive following the successful organisational structure change. There were no vacancies at the end of November 2013.

Consultants in this programme are mainly used in the *Implementation, Monitoring and Evaluation* and *Maritime Infrastructure and Industry Development* subprogrammes for oil pollution services, salvage operations and policy development. The department does not have the resources to do this internally.

## Programme 7: Public Transport

### Objectives

- Enhance the performance and efficiency of public transport by:
  - amending the National Land Transport Act (2009) in 2014/15 and issuing associated regulations by 2016/17
  - developing a comprehensive integrated public transport plan by 2016/17
  - establishing and operationalising a national public transport regulator by 2016/17.
- Provide quality rural public and scholar transport by:
  - developing and implementing the learner transport policy by 2015/16
  - distributing 20 000 bicycles through the Shova Kalula programme over the medium term
  - developing and implementing the rural transport strategy action plan in 2 district municipalities over the medium term.
- Promote sustainable public transport by:

- developing and implementing a public transport stakeholder engagement framework by 2016/17
- scrapping 18 000 taxis in the taxi recapitalisation programme over the medium term
- developing a public transport subsidy management system over the MTEF period.
- Improve public transport access and reliability by facilitating the construction of 7 integrated public transport networks by 2016/17.

## Subprogrammes

- *Public Transport Regulation* manages the development and maintenance of policy, legislation and regulation; and coordinates and facilitates implementation. Responsibilities include managing public transport information, such as public transport systems developed in terms of the National Land Transport Act (2009). In 2012/13, stakeholders were consulted about the draft National Land Transport Amendment Bill. In 2013/14, the draft amendment bill was developed further, transport planning requirements were reviewed and updated, and interns were trained and placed in district municipalities. This subprogramme had a staff complement of 13 in 2013/14.
- *Rural and Scholar Transport* develops and reviews rural, scholar and non-motorised transport strategies, and coordinates and evaluates their implementation. In 2012/13, the scholar transport policy was approved by the director general and the draft guidelines for the policy were completed. In 2013/14, 5 provinces successfully moved the scholar transport function from the provincial departments of education to the provincial departments of transport. In addition, the funding model for the integration and implementation of non-motorised transport and learner transport schemes was developed and finalised. This subprogramme had a staff complement of 12 in 2013/14.
- *Public Transport Industry Development* oversees and facilitates the implementation of public transport policy, legislation and strategy; develops public transport empowerment schemes; manages the taxi recapitalisation programme; and oversees the bus subsidy system. In 2012/13, 6 457 old minibus taxis were scrapped and the public transport conflict resolution strategy was developed. In 2013/14, the national public transport transformation plan was revised to align with the rollout of the integrated public transport networks and 7 500 taxis were scrapped. This subprogramme had a staff complement of 19 in 2013/14.
- *Public Transport Oversight* oversees the use of public transport subsidies and grants, and monitors compliance with the Division of Revenue Act (2013) in terms of the transferring of money, reporting and reallocation. In 2013/14, R5.5 billion was transferred to local government for public transport infrastructure, operations and systems, R4.6 billion was transferred to provinces for bus subsidies and R474 million towards the taxi recapitalisation.
- *Public Transport Administration Support* renders an administrative and financial support service to the programme. This entails preparing submissions, facilitating departmental meetings, implementing projects, and business planning. This subprogramme had a staff complement of 9 in 2013/14.
- *Public Transport Network Development* develops norms and standards for integrated public transport systems to assist in providing accessible, reliable and affordable integrated public transport network services in municipalities. In 2012/13, the Msunduzi, Ekurhuleni and Mangaung municipalities were assisted with developing operational plans for public transport and a bus pilot project was launched in Nelson Mandela Bay. In 2013/14, integrated public transport networks plans were reviewed and approved in line with the division of revenue conditional grant framework, and technical oversight and support was provided to municipalities. This subprogramme had a staff complement of 4 in 2013/14.

## Expenditure estimates

Table 37.17 Public Transport

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Public Transport Regulation	5.9	14.0	13.0	33.6	78.4%	0.2%	22.9	23.9	25.3	-9.0%	0.2%
Rural and Scholar Transport	7.5	-	4.0	13.5	21.5%	0.1%	13.1	13.7	14.5	2.6%	0.1%
Public Transport Industry Development	99.7	98.8	104.9	123.4	7.4%	1.1%	122.5	126.1	133.0	2.5%	1.1%
Public Transport Oversight	7 916.2	9 234.5	9 625.6	10 597.2	10.2%	98.4%	11 145.6	11 661.9	12 584.3	5.9%	98.4%
Public Transport Administration Support	3.1	9.9	59.3	16.0	73.6%	0.2%	7.8	8.2	8.7	-18.5%	0.1%
Public Transport Network Development	0.9	2.8	6.0	8.5	111.9%	-	12.0	12.6	13.3	16.0%	0.1%
<b>Total</b>	<b>8 033.3</b>	<b>9 360.1</b>	<b>9 812.8</b>	<b>10 792.3</b>	<b>10.3%</b>	<b>100.0%</b>	<b>11 323.8</b>	<b>11 846.4</b>	<b>12 779.1</b>	<b>5.8%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(21.8)			(81.2)	(81.2)	218.7		

## Economic classification

<b>Current payments</b>	<b>117.1</b>	<b>125.7</b>	<b>186.8</b>	<b>198.3</b>	<b>19.2%</b>	<b>1.7%</b>	<b>178.0</b>	<b>184.3</b>	<b>194.6</b>	<b>-0.6%</b>	<b>1.6%</b>
Compensation of employees	12.8	19.9	32.2	38.3	44.1%	0.3%	41.6	44.2	47.1	7.1%	0.4%
Goods and services	104.3	105.8	154.6	159.9	15.3%	1.4%	136.4	140.1	147.5	-2.7%	1.2%
<i>of which:</i>											
Communication	0.1	0.3	0.3	0.5	53.4%	-	0.3	0.3	0.3	-18.8%	-
Consultants and professional services: Business and advisory services	101.1	99.9	145.5	151.7	14.5%	1.3%	130.7	134.2	141.4	-2.3%	1.2%
Operating leases	0.0	0.1	0.2	2.3	318.9%	-	0.1	0.1	0.1	-71.3%	-
Travel and subsistence	1.2	3.4	5.4	2.8	34.1%	-	3.5	3.6	3.8	10.3%	-
<b>Transfers and subsidies</b>	<b>7 916.2</b>	<b>9 234.2</b>	<b>9 625.6</b>	<b>10 593.8</b>	<b>10.2%</b>	<b>98.3%</b>	<b>11 145.6</b>	<b>11 661.9</b>	<b>12 584.3</b>	<b>5.9%</b>	<b>98.4%</b>
Provinces and municipalities	7 562.5	8 764.9	9 201.7	10 102.5	10.1%	93.8%	10 703.6	11 193.6	11 784.2	5.3%	93.7%
Non-profit institutions	14.8	21.2	16.5	17.4	5.5%	0.2%	18.4	19.3	20.3	5.3%	0.2%
Households	338.9	448.1	407.4	474.0	11.8%	4.4%	423.6	449.1	779.8	18.1%	4.5%
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>	<b>78.9%</b>	<b>-</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>5.5%</b>	<b>-</b>
Machinery and equipment	0.0	0.2	0.3	0.2	78.9%	-	0.2	0.2	0.2	5.5%	-
<b>Payments for financial assets</b>	<b>-</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8 033.3</b>	<b>9 360.1</b>	<b>9 812.8</b>	<b>10 792.3</b>	<b>10.3%</b>	<b>100.0%</b>	<b>11 323.8</b>	<b>11 846.4</b>	<b>12 779.1</b>	<b>5.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>27.6%</b>	<b>22.7%</b>	<b>25.0%</b>	<b>25.5%</b>			<b>23.2%</b>	<b>22.0%</b>	<b>22.5%</b>		

## Details of selected transfers and subsidies

<b>Provinces and municipalities</b>											
<b>Provinces</b>											
<b>Provincial Revenue Funds</b>											
<b>Current</b>	<b>3 863.0</b>	<b>4 153.2</b>	<b>4 317.3</b>	<b>4 552.5</b>	<b>5.6%</b>	<b>44.4%</b>	<b>4 832.7</b>	<b>5 052.7</b>	<b>5 317.9</b>	<b>5.3%</b>	<b>42.3%</b>
Public transport operations grant	3 863.0	4 153.2	4 317.3	4 552.5	5.6%	44.4%	4 832.7	5 052.7	5 317.9	5.3%	42.3%
<b>Provinces and municipalities</b>											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>881.3</b>	<b>-</b>	<b>2.3%</b>	<b>902.8</b>	<b>1 043.0</b>	<b>1 362.3</b>	<b>15.6%</b>	<b>9.0%</b>
Public transport network operations grant	-	-	-	881.3	-	2.3%	902.8	1 043.0	1 362.3	15.6%	9.0%
<b>Capital</b>	<b>3 699.5</b>	<b>4 611.6</b>	<b>4 884.4</b>	<b>4 668.7</b>	<b>8.1%</b>	<b>47.0%</b>	<b>4 968.0</b>	<b>5 097.9</b>	<b>5 104.1</b>	<b>3.0%</b>	<b>42.4%</b>
Public transport infrastructure grant	3 699.5	4 611.6	4 884.4	4 668.7	8.1%	47.0%	4 968.0	5 097.9	5 104.1	3.0%	42.4%
<b>Non-profit institutions</b>											
<b>Current</b>	<b>14.8</b>	<b>21.2</b>	<b>16.5</b>	<b>17.4</b>	<b>5.5%</b>	<b>0.2%</b>	<b>18.4</b>	<b>19.3</b>	<b>20.3</b>	<b>5.3%</b>	<b>0.2%</b>
South African National Taxi Council	14.8	21.2	16.5	17.4	5.5%	0.2%	18.4	19.3	20.3	5.3%	0.2%
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	<b>338.9</b>	<b>448.1</b>	<b>407.4</b>	<b>474.0</b>	<b>11.8%</b>	<b>4.4%</b>	<b>423.6</b>	<b>449.1</b>	<b>779.8</b>	<b>18.1%</b>	<b>4.5%</b>
Taxi recapitalisation	338.9	448.1	407.4	474.0	11.8%	4.4%	423.6	449.1	779.8	18.1%	4.5%

## Personnel information

**Table 37.18 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Public Transport		58	32.2	0.6	60	38.3	0.6	77	41.6	0.5	77	44.2	0.6	77	47.1	0.6	8.7%	100.0%	
Salary level	77	3																	
1 – 6	12	1	10	1.3	0.1	11	1.5	0.1	12	1.6	0.1	12	1.7	0.1	12	1.8	0.2	2.9%	16.2%
7 – 10	24	–	15	4.2	0.3	14	4.9	0.4	24	5.4	0.2	24	5.7	0.2	24	6.1	0.3	19.7%	29.2%
11 – 12	21	–	17	10.5	0.6	18	12.5	0.7	21	13.6	0.6	21	14.4	0.7	21	15.4	0.7	5.3%	27.8%
13 – 16	20	2	16	16.3	1.0	17	19.4	1.1	20	21.1	1.1	20	22.4	1.1	20	23.8	1.2	5.6%	26.5%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on promoting sustainable public transport, and improving public transport access and reliability. This will be done by facilitating the construction of 7 integrated public transport networks by 2016/17 and through providing transfers to provinces and municipalities to increase the number of average weekday bus rapid transit passengers to 100 000 in Johannesburg and 80 000 in Cape Town by 2016/17. As a result, expenditure in the *Public Transport Oversight* subprogramme is expected to increase to R12.6 billion in 2016/17, as the department transfers the public transport operations grant to provinces, and the public transport infrastructure grant and the public transport network operations grant to municipalities.

Spending in the *Public Transport Industry Development* subprogramme is expected to increase to R133 million by 2016/17 to administer the taxi recapitalisation programme and for the alignment of the taxi recapitalisation programme with the public transport strategy. Consultants are used for the administration of taxi recapitalisation, policy development and the verification of subsidies and payments made to bus operators funded through the public transport operations grant. Consultants are also used in the national department's intervention in the administration of the Limpopo provincial transport department in terms of section 100 of the Constitution, which allows for this intervention. Expenditure on consultants was R151.7 million or 76.5 per cent of the programme's operational expenditure in 2013/14 and is expected to decline by an average annual rate of 2.3 per cent over the medium term as more use is made of internal capacity.

Spending on compensation of employees is small in relation to the overall programme expenditure, but is expected to grow at an average annual rate of 7.1 per cent over the medium term as 17 vacant posts are filled. The vacancies are as a result of organisational structure changes.

## Public entities and other agencies

### Air Traffic and Navigation Services

#### Mandate and goals

The Air Traffic and Navigation Services Company was established in terms of the Air Traffic and Navigation Services Act (1993). Its mandate is to provide safe, orderly and efficient air traffic navigational and associated services to the air traffic management community. It does this on behalf of the state and in accordance with the International Civil Authority Organisation standards and recommended practices, and the South African civil aviation regulations and technical standards.

The company's overall strategy to grow and expand its footprint involves marketing, distributing and offering a high quality air traffic management solution.

In line with this, the company's strategic goals over the medium term are to:

- provide safe, efficient and cost effective air traffic management solutions and associated services

- expand the company footprint to cover Africa and the Indian Ocean region.

## Selected performance indicators

**Table 37.19 Air Traffic and Navigation Services Company**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Total number of air traffic controllers	Communication	Outcome 4: Decent employment through inclusive economic growth	329	332	335	354	384	366	392
Number of incidents per 100 000 movements <sup>1</sup>	Navigation	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	2	2	2	2	2	2	2
Number of aircraft on OR Tambo International Airport runways per hour	Communication	Outcome 6: An efficient, competitive and responsive economic infrastructure network	60	56	60	60	60	60	60

1. The industry best practice benchmark is 2.

## Programmes/activities/objectives

**Table 37.20 Air Traffic and Navigation Services Company**

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
Administration	141.8	154.7	163.5	184.7	9.2%	15.9%	191.5	235.3	251.0	10.8%	15.9%
Communication	445.7	486.2	513.9	580.6	9.2%	50.0%	601.8	739.5	789.1	10.8%	50.0%
Navigation	46.9	51.1	54.1	61.1	9.2%	5.3%	63.3	77.8	83.0	10.7%	5.3%
Surveillance	73.8	80.5	85.1	96.2	9.2%	8.3%	99.6	122.4	130.6	10.7%	8.3%
Display systems	10.0	10.9	11.5	13.0	9.3%	1.1%	13.5	16.6	17.7	10.7%	1.1%
Simulator and systems	174.0	189.8	200.6	226.6	9.2%	19.5%	235.0	288.8	308.1	10.8%	19.5%
<b>Total expense</b>	<b>892.2</b>	<b>973.1</b>	<b>1 028.6</b>	<b>1 162.2</b>	<b>9.2%</b>	<b>100.0%</b>	<b>1 204.6</b>	<b>1 480.3</b>	<b>1 579.5</b>	<b>10.8%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 37.21 Air Traffic and Navigation Services Company**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>1 074.6</b>	<b>1 182.9</b>	<b>1 223.4</b>	<b>1 272.7</b>	<b>5.8%</b>	<b>100.0%</b>	<b>1 328.6</b>	<b>1 361.8</b>	<b>1 453.0</b>	<b>4.5%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	1 001.4	1 107.2	1 130.0	1 211.6	6.6%	93.6%	1 263.8	1 300.7	1 387.8	4.6%	95.3%
<i>of which:</i>											
<i>Sales by market establishment</i>	1 001.4	1 107.2	1 130.0	1 211.6	6.6%	93.6%	1 263.8	1 300.7	1 387.8	4.6%	95.3%
<i>En-route and approach fees</i>	957.7	1 059.2	1 074.7	1 163.4	6.7%	89.5%	1 196.1	1 210.0	1 291.1	3.5%	89.8%
<i>VSAT and NAFISAT Revenue</i>	43.8	48.1	55.3	48.3	3.3%	4.1%	67.7	90.7	96.8	26.1%	5.6%
<i>Other non-tax revenue</i>	73.1	75.7	93.5	61.1	-5.8%	6.4%	64.8	61.1	65.2	2.2%	4.7%
<b>Total revenue</b>	<b>1 074.6</b>	<b>1 182.9</b>	<b>1 223.4</b>	<b>1 272.7</b>	<b>5.8%</b>	<b>100.0%</b>	<b>1 328.6</b>	<b>1 361.8</b>	<b>1 453.0</b>	<b>4.5%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>821.3</b>	<b>891.4</b>	<b>954.2</b>	<b>1 119.2</b>	<b>10.9%</b>	<b>93.2%</b>	<b>1 156.3</b>	<b>1 391.5</b>	<b>1 484.7</b>	<b>9.9%</b>	<b>95.1%</b>
Compensation of employees	487.2	552.3	570.6	730.3	14.4%	57.4%	741.5	835.6	891.6	6.9%	59.3%
Goods and services	187.1	198.4	260.9	242.8	9.1%	21.9%	299.1	318.1	339.4	11.8%	22.2%
Depreciation	121.9	124.4	114.0	127.4	1.5%	12.1%	105.0	207.5	221.4	20.2%	11.9%
Interest, dividends and rent on land	25.0	16.3	8.7	18.6	-9.4%	1.7%	10.7	30.4	32.4	20.3%	1.6%
<b>Total expenses</b>	<b>892.2</b>	<b>973.1</b>	<b>1 028.6</b>	<b>1 162.2</b>	<b>9.2%</b>	<b>100.0%</b>	<b>1 204.6</b>	<b>1 480.3</b>	<b>1 579.5</b>	<b>10.8%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>182.0</b>	<b>210.0</b>	<b>195.0</b>	<b>111.0</b>	<b>-15.2%</b>		<b>124.0</b>	<b>(119.0)</b>	<b>(126.0)</b>	<b>-204.3%</b>	

**Table 37.21 Air Traffic and Navigation Services Company**

Statement of financial position	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Carrying value of assets	978.9	937.2	847.6	999.3	0.7%	56.8%	1 066.9	1 131.0	1 198.8	6.3%	49.5%
of which:											
Acquisition of assets	32.9	80.8	20.8	262.5	99.8%	5.5%	172.6	183.0	193.9	-9.6%	9.3%
Inventory	0.5	0.8	0.2	0.2	-26.6%	0.0%	0.3	0.3	0.3	12.0%	0.0%
Loans	10.2	11.0	12.2	14.9	13.5%	0.7%	15.5	16.4	17.4	5.2%	0.7%
Receivables and prepayments	124.3	145.1	160.7	170.5	11.1%	8.9%	173.8	184.2	195.3	4.6%	8.2%
Cash and cash equivalents	304.5	523.9	701.9	753.9	35.3%	33.3%	927.0	982.6	1 041.5	11.4%	41.6%
Taxation	0.7	3.2	6.5	-	-100.0%	0.2%	-	-	-	-	-
<b>Total assets</b>	<b>1 419.1</b>	<b>1 621.1</b>	<b>1 729.1</b>	<b>1 938.8</b>	<b>11.0%</b>	<b>100.0%</b>	<b>2 183.4</b>	<b>2 314.4</b>	<b>2 453.3</b>	<b>8.2%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	786.9	996.6	1 191.4	1 413.8	21.6%	64.7%	1 537.8	1 630.1	1 727.9	6.9%	71.1%
Capital and reserves	190.6	190.6	190.6	190.6	0.0%	11.5%	190.6	190.6	190.6	-	8.6%
Borrowings	258.2	205.1	119.0	102.2	-26.6%	10.8%	191.0	202.4	214.6	28.0%	7.9%
Trade and other payables	45.5	62.5	72.3	81.6	21.5%	3.9%	106.3	112.7	119.5	13.5%	4.7%
Taxation	71.3	74.2	77.0	80.8	4.3%	4.6%	84.0	89.0	94.4	5.3%	3.9%
Provisions	66.5	92.1	78.7	69.8	1.6%	4.6%	73.7	78.1	82.8	5.9%	3.4%
<b>Total equity and liabilities</b>	<b>1 419.1</b>	<b>1 621.1</b>	<b>1 729.1</b>	<b>1 938.8</b>	<b>11.0%</b>	<b>100.0%</b>	<b>2 183.4</b>	<b>2 303.0</b>	<b>2 429.7</b>	<b>7.8%</b>	<b>99.6%</b>

## Personnel information

**Table 37. 22 Air Traffic and Navigation Services Company**

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
	1 299	1 299	1 030	570.6	0.6	1 011	730.3	0.7	1 225	741.5	0.6	1 225	835.6	0.7	1 225	891.6	0.7	6.9%	100.0%	
7 - 10	60	60	47	5.5	0.1	48	7.0	0.1	66	7.7	0.1	66	8.7	0.1	66	9.3	0.1	9.9%	5.2%	
11 - 12	136	136	101	34.6	0.3	101	44.3	0.4	134	45.0	0.3	134	50.7	0.4	134	54.1	0.4	6.9%	10.7%	
13 - 16	1 060	1 060	844	439.5	0.5	822	562.5	0.7	981	570.7	0.6	981	642.9	0.7	981	686.0	0.7	6.8%	80.4%	
17 - 22	43	43	38	91.0	2.4	40	116.5	2.9	44	118.1	2.7	44	133.2	3.0	44	142.2	3.2	6.9%	3.7%	

1. Rand million.

## Expenditure trends

The Air Traffic and Navigation Services Company's revenue is generated from the provision of aeronautical services to the aviation industry. The main sources of this revenue are en route and approach fees. Total revenue increased at an average annual rate of 5.8 per cent between 2010/11 and 2013/14, and is expected to increase at an average annual rate of 4.5 per cent between 2013/14 and 2016/17 in line with an expected increase in air traffic.

The company's spending focus over the medium term will be on communication and simulator systems. Simulator systems are a total training solution for controllers and operators, providing realistic training in a simulated environment before being deployed, while communication systems provide both a medium and infrastructure for the effective ground-ground and ground-air communication of voice, aeronautical and meteorological information between controllers and airspace users. These systems have constituted the largest expenditure areas in the entity in the past, and are expected to grow at an average annual rate of 10.8 per cent over the medium term as they remain essential to ensuring safety and improving capacity at airports.

Expenditure increased from R892.2 million in 2010/11 to R1.2 billion in 2013/14 at an average annual rate of 9.2 per cent, due to the entity increasing capacity in line with the airports expansion programme. In the same period, spending on compensation of employees grew from R487.2 million to R730.3 million at an average annual rate of 14.4 per cent, due to an increase in human resource requirements in existing departments, and in departments that were restructured to add marketing, project management, economic regulation and environmental planning skills. The increase in spending on compensation of employees between 2013/14 and

2016/17 is as a result of an expected increase in the headcount, air traffic controller validation or career progression, and normal annual increases for improved conditions of service. The increase in compensation of employees in 2013/14 was driven by the strategic objective to improve safety performance by increasing the expertise levels in the company, and the need to phase out contracted air traffic control staff.

The vacancy rate in the entity at the end of November 2013 was 22.2 per cent. Because of the technical nature of the Air Traffic and Navigation Service Company's business, the process of sourcing, appointing and training the entity's human capital is lengthy and this had led to prolonged high vacancy rates. In line with the current development and training plans, it is anticipated that vacancies will decrease over the medium term.

Consultants are used in some areas due to staff shortages as the entity's business is highly specialised and some positions take longer to be filled. The consultants are used for research and development for the company to acquire strategic vision, detailed insight and an understanding of global market dynamics and readily available information on technological and business trends, suppliers, products, clients and competitors.

Expenditure on goods and services is expected to increase at an average annual rate of 11.8 per cent over the medium term, driven in part by the effects of foreign exchange fluctuation on repairs, maintenance, and telecommunication network costs. Electronic maintenance support contracts are another big driver of spending.

Interest payable is projected to increase at an average annual rate of 20.3 per cent over the medium term as borrowings increase because of capital expenditure reprioritisation. Depreciation costs are also expected to increase at an average annual rate of 20.2 per cent as a result of an expected asset procurement drive.

## Airports Company South Africa

### Mandate and goals

The Airports Company of South Africa is regulated in terms of the Airports Company Act (1993) and the Companies Act (1973), and is listed as a schedule 2 public entity in terms of the Public Finance Management Act (1999). The company was formed to own and operate the nine principal South African airports, including the three main international gateways of O.R. Tambo International, Cape Town International and King Shaka International airports. As well as providing safe and secure services and infrastructure for passengers and airlines to transport people and goods, the company extends its responsibilities to include promoting tourism, facilitating economic growth and job creation, and protecting the environment.

Over the medium term, the company's main strategic goals are for it to position itself strategically for long term sustainability and to improve its operations. This involves analysing the market, refining its business and revenue models, developing a comprehensive stakeholder management strategy, and improving short term human resource performance.

### Selected performance indicators

Table 37.23 Airports Company of South Africa

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Cost of maintenance and engineering per international airport (Rand thousand) per year	Airport maintenance and engineering	Entity mandate	R189 032	R231 143	R195 475	R223 085	R250 224	R272 161	R292 532
Cost revenue efficiency ratio including depreciation	Airport management		75%	66%	57%	60%	58%	63%	65%
Number of passengers accommodated at all airports per year	Airport management	Outcome 6: An efficient, competitive and responsive economic infrastructure network	17 509 268	17 947 554	17 437 886	17 441 004	17 849 734	18 435 613	19 034 923
Number of aircrafts accommodated at all airports per year	Airport management		274 292	272 320	255 023	255 097	260 644	262 434	270 513
Employee cost per passenger per year	Airport management		R41	R41	R49	R56	R60	R63	R65
Aeronautical revenue per passenger per year	Airport management		R139	R187	R243	R145	R150	R159	R167
Non-aeronautical revenue per passenger per year	Airport management		R127	R133	R138	R145	R150	R159	R167

## Programmes/activities/objectives

Table 37.24 Airports Company of South Africa

	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
R million											
Administration	4 255.5	4 768.5	4 801.7	4 654.9	3.0%	78.9%	4 732.7	4 622.4	4 853.4	1.4%	73.5%
Airport maintenance and engineering	463.4	526.6	586.4	669.3	13.0%	9.6%	750.7	816.5	877.6	9.5%	12.1%
Airport security and safety	235.7	246.6	313.0	363.0	15.5%	4.9%	436.3	465.9	490.7	10.6%	6.8%
Airport management	403.5	327.9	382.4	424.3	1.7%	6.6%	478.0	498.1	535.9	8.1%	7.5%
<b>Total expense</b>	<b>5 358.2</b>	<b>5 869.6</b>	<b>6 083.6</b>	<b>6 111.4</b>	<b>4.5%</b>	<b>100.0%</b>	<b>6 397.7</b>	<b>6 402.9</b>	<b>6 757.6</b>	<b>3.4%</b>	<b>100.0%</b>

## Expenditure estimates

Table 37.25 Airports Company of South Africa

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>5 081.6</b>	<b>5 936.6</b>	<b>7 053.6</b>	<b>7 264.2</b>	12.6%	99.2%	<b>7 709.7</b>	<b>7 530.5</b>	<b>7 949.1</b>	3.0%	100.0%
Sale of goods and services other than capital assets	4 658.2	5 738.5	6 660.3	7 061.1	14.9%	94.2%	7 648.0	7 444.0	7 854.8	3.6%	98.5%
<i>of which:</i>											
<i>Sales by market establishment</i>	4 658.2	5 738.5	6 660.3	7 061.1	14.9%	94.2%	7 648.0	7 444.0	7 854.8	3.6%	98.5%
<i>Aeronautical revenue</i>	2 430.4	3 349.7	4 245.7	4 524.1	23.0%	56.2%	4 965.5	4 514.1	4 680.6	1.1%	61.4%
<i>Non-aeronautical revenue</i>	2 227.8	2 388.9	2 414.6	2 537.1	4.4%	38.0%	2 682.6	2 929.9	3 174.2	7.8%	37.1%
Other non-tax revenue	423.4	198.1	393.3	203.1	-21.7%	5.0%	61.7	86.5	94.2	-22.6%	1.5%
<b>Total revenue</b>	<b>5 137.7</b>	<b>6 057.2</b>	<b>7 074.7</b>	<b>7 264.2</b>	<b>12.2%</b>	<b>100.0%</b>	<b>7 709.7</b>	<b>7 530.5</b>	<b>7 949.1</b>	<b>3.0%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>5 319.0</b>	<b>5 869.6</b>	<b>5 433.6</b>	<b>5 590.4</b>	1.7%	95.0%	<b>5 770.9</b>	<b>5 880.7</b>	<b>6 209.6</b>	3.6%	91.4%
Compensation of employees	714.2	740.0	859.4	984.6	11.3%	14.0%	1 070.5	1 153.6	1 245.9	8.2%	17.3%
Goods and services	1 340.0	1 584.4	1 575.7	1 863.1	11.6%	27.1%	1 992.1	2 087.4	2 192.0	5.6%	31.7%
Depreciation	1 445.2	1 463.8	1 411.4	1 364.3	-1.9%	24.4%	1 348.3	1 470.2	1 644.9	6.4%	22.7%
Interest, dividends and rent on land	1 819.6	2 081.5	1 587.1	1 378.5	-8.8%	29.5%	1 360.1	1 169.5	1 126.9	-6.5%	19.7%
<b>Total expenses</b>	<b>5 358.2</b>	<b>5 869.6</b>	<b>6 083.6</b>	<b>6 111.4</b>	<b>4.5%</b>	<b>100.0%</b>	<b>6 397.7</b>	<b>6 402.9</b>	<b>6 757.6</b>	<b>3.4%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>(221.0)</b>	<b>188.0</b>	<b>991.0</b>	<b>1 153.0</b>	<b>-273.4%</b>		<b>1 312.0</b>	<b>1 128.0</b>	<b>1 191.0</b>	<b>1.1%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	26 560.7	23 672.2	23 576.9	23 664.4	-3.8%	85.5%	23 180.7	24 859.2	26 418.7	3.7%	90.1%
<i>of which:</i>											
<i>Acquisition of assets</i>	505.4	417.1	990.6	1 626.6	47.6%	3.2%	1 327.8	3 148.7	3 204.4	25.4%	8.4%
Investments	647.1	1 348.6	2 407.7	1 522.6	33.0%	5.2%	932.8	932.8	932.8	-15.1%	4.0%
Inventory	0.9	6.2	6.2	6.2	89.4%	0.0%	6.2	6.2	6.2	0.0%	0.0%
Receivables and prepayments	1 105.8	1 209.2	925.2	1 150.7	1.3%	3.9%	1 257.2	1 223.7	1 291.2	3.9%	4.5%
Cash and cash equivalents	678.9	1 980.4	1 261.0	350.0	-19.8%	3.7%	382.4	372.2	392.7	3.9%	1.4%
Non-current assets held for sale	-	1 850.0	-	-	-	1.5%	-	-	-	-	-
Derivatives financial instruments	163.2	-	11.2	-	-100.0%	0.1%	-	-	-	-	-
<b>Total assets</b>	<b>29 156.6</b>	<b>30 066.7</b>	<b>28 188.3</b>	<b>26 693.9</b>	<b>-2.9%</b>	<b>100.0%</b>	<b>25 759.4</b>	<b>27 394.1</b>	<b>29 041.7</b>	<b>2.8%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	8 070.6	8 264.6	10 189.0	10 326.3	8.6%	32.5%	12 172.4	13 300.4	14 209.8	11.2%	45.9%
Capital and reserves	1 533.6	1 425.1	750.0	750.0	-21.2%	3.9%	750.0	750.0	750.0	-	2.8%
Borrowings	16 607.5	16 710.8	14 775.0	12 067.3	-10.1%	52.5%	10 189.6	10 472.3	11 143.1	-2.6%	40.3%
Deferred income	79.0	1 276.7	74.9	1 471.5	165.1%	2.6%	346.9	346.9	346.9	-38.2%	2.3%
Trade and other payables	909.1	948.4	857.1	757.8	-5.9%	3.0%	721.7	1 050.3	1 091.9	12.9%	3.3%
Taxation	1 082.0	1 033.7	981.3	1 195.4	3.4%	3.8%	1 393.3	1 288.8	1 314.5	3.2%	4.8%
Provisions	202.8	212.6	289.0	125.6	-14.8%	0.7%	185.5	185.5	185.5	13.9%	0.6%
Derivatives financial instruments	671.9	194.8	271.9	-	-100.0%	1.0%	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>29 156.6</b>	<b>30 066.7</b>	<b>28 188.3</b>	<b>26 693.9</b>	<b>-2.9%</b>	<b>100.0%</b>	<b>25 759.4</b>	<b>27 394.1</b>	<b>29 041.7</b>	<b>2.8%</b>	<b>100.0%</b>

## Personnel information

Table 37.26 Airports Company of South Africa

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost		Number	Cost		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	3 020	3 020	2 974	859.4	0.3	3 020	984.6	0.3	3 225	1 070.5	0.3	3 225	1 153.6	0.4	3 225	1 245.9	0.4	8.2%	100.0%
1 – 6	1 117	1 117	1 071	113.6	0.1	1 117	130.2	0.1	1 322	141.5	0.1	1 322	152.5	0.1	1 322	164.7	0.1	8.2%	40.0%
7 – 10	1 177	1 177	1 177	257.4	0.2	1 177	294.9	0.3	1 177	320.6	0.3	1 177	345.5	0.3	1 177	373.1	0.3	8.2%	37.1%
11 – 12	418	418	417	181.7	0.4	418	208.2	0.5	418	226.4	0.5	418	244.0	0.6	418	263.5	0.6	8.2%	13.2%
13 – 16	287	287	287	265.8	0.9	287	304.5	1.1	287	331.0	1.2	287	356.7	1.2	287	385.3	1.3	8.2%	9.0%
17 – 22	21	21	22	40.9	1.9	21	46.9	2.2	21	50.9	2.4	21	54.9	2.6	21	59.3	2.8	8.2%	0.7%

1. Rand million.

## Expenditure trends

The Airports Company of South Africa derives its revenue from aeronautical and non-aeronautical sources. Aeronautical revenue consists of landing fees, passenger service charges and aircraft parking fees. Non-aeronautical revenue is derived from retail rental, car rental, advertising, parking receipts, office rental and property development.

While revenue increased at an average annual rate of 12.2 per cent from 2010/11 to 2013/14 over the medium term, revenue growth is expected to continue at more moderate levels as the regulated tariff for aeronautical revenue is adjusted downward. Particularly high average annual growth of 20.4 per cent from 2010/11 to 2012/13 was experienced because of increases in the regulated tariff for aeronautical revenue. This increase was based on capital expenditure of R17 billion brought into operation in this period.

The revenue increase over the medium term is in line with the company's funding model, which aims to ensure that the company is able to operate and fund the business in a sustainable manner. The increase will be used to repay the interest and debt accumulated during the expansion programme phase, which was necessary to accommodate the anticipated increase in the number of planes and passengers. The expansion programme resulted in additional capacity to subsidise airport operational expenses. This additional capacity created the need for further spending on security, compensation of employees, cleaning and repairs and maintenance. The increases in other non-tax revenue and interest over the MTEF period are mainly due to greater cash balances.

The spending focus over the medium term is in the administration, airport maintenance and engineering programmes, which together make up 87.1 per cent of the budget in 2013/14. This will enable the entity to continue to achieve high levels of passenger service quality, a key barometer of the company's performance. Airport maintenance and engineering consists of all activities required to keep the airport infrastructure in working order, and includes costs for specialist engineers in the electrical, mechanical, civil and industrial fields. Repairs and maintenance also require specialist skills, and the spending on this item is predominantly for contracts for the maintenance of certain infrastructure components. Spending on compensation of employees increased to 11.3 per cent of the budget in 2013/14.

Spending on goods and services increased at an average annual rate of 5.6 per cent over the medium term to meet the increase in demand for the maintenance of airport infrastructure. Administration is a major expenditure item because it includes the bulk of depreciation, as well as interest incurred on loans totalling R16.7 billion, which funded infrastructure investments between 2007/08 and 2010/11. These investments account for a robust growth in the acquisition of assets between 2010/11 and 2013/14 at an average annual rate of 47.6 per cent, mainly for new infrastructure developments in the OR Tambo, King Shaka and Cape Town International airports. The acquisition of assets between 2013/14 and 2016/17 is expected to be mainly for airport refurbishments, which is why growth on this spending item slows to an average annual rate of 25 per cent.

Expenditure growth between 2010/11 and 2013/14 was mainly driven by the airport security and safety programme, which increased by an average annual rate of 15.5 per cent. This expenditure was for additional capacity that was required at the new King Shaka International Airport, which was commissioned in 2011 and

increased the land area and safety and security costs. In 2013/14, a new security contract was awarded to accommodate additional capacity at some of the airports. Other expenditure drivers over this period were for IT, marketing, cleaning and consumables, and travel and communication.

Expenditure is expected to increase at an average annual rate of 3.4 per cent over the medium term. This is as a result of reduced interest payments. Infrastructure investment over the medium term is expected to be mostly for upgrades and additions to existing airports. Expenditure on consultants showed a significant increase between 2012/13 and 2013/14, due to key operational positions being vacant. The mitigating action was to contract a consultant with the required technical skill to assist.

The number of employees increased from 2 974 in 2012/13 to 3 020 in 2013/14. The positions that were not budgeted for, due to uncertain economic conditions, are expected to be filled in 2013/14 and 2014/15 to ensure the sustainability of the organisation. However, the increase in the number of employees is mainly due to learnerships in the different functional areas to enable succession planning and increase productivity. Expenditure on compensation of employees is expected to grow at an average annual of 8.2 per cent, from R984.6 million in 2013/14 to R1.3 billion in 2016/17, due to inflationary adjustments and provisions for competitive salaries.

## Passenger Rail Agency of South Africa

### Mandate and goals

The Passenger Rail Agency of South Africa's mandate is contained in the Legal Succession to the South African Transport Services Amendment Act (2008). The act requires the agency to, at the request of the Department of Transport, provide rail commuter services within, to and from South Africa in the public interest. In consultation with the Department of Transport, it also provides for long haul passenger rail and bus services within, to and from South Africa. The agency leverages off its assets to generate income, and to have due regard for key government social, economic and transport policy objectives.

The agency's strategic goals over the medium term are to:

- invest in new capacity such as modern trains, signalling and telecommunications systems, infrastructure, transit orientated developments, new generation stations, access control and other operating systems
- unlock the value of assets, such as the telecommunications network and the property portfolio
- effect key operational efficiencies for improved service delivery
- modernise operations in critical areas such as ticketing, cabling, booking systems and energy regeneration.
- achieve financial sustainability through improved revenue generation.

### Selected performance indicators

Table 37.27 Passenger Rail Agency of South Africa

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of rail extensions completed per year <sup>1</sup>	Metrorail	Outcome 6: An efficient, competitive and responsive economic infrastructure network	1	-1	-1	1	1	-1	1
Signaling programme: Regional traffic control centres completed <sup>1</sup>	Metrorail		-1	-1	-1	-1	1 (Gauteng nerve centre)	1 (KwaZulu-Natal Rosburgh)	1 (Gauteng regional control)
Number of Metrorail passenger trips per year	Metrorail	Entity mandate	472 million	516 million	528 million	544 million	564 million	587 million	611 million
Number of Metrorail coaches refurbished per year	Metrorail	Outcome 6: An efficient, competitive and responsive economic infrastructure network	334	519	579	500	500	500	500

Table 37.27 Passenger Rail Agency of South Africa

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new train sets purchased for Metrorail per year	Metrorail	Outcome 6: An efficient, competitive and responsive economic infrastructure network	- <sup>2</sup>	13	59				
Number of Shosholoz Meyl passengers per year	Main line passenger services (Shosholoz Meyl)	Entity mandate	1.5 million	1.4 million	1.3 million	1 million	1 million	1.1 million	1.2 million
Number of Shosholoz Meyl coaches refurbished 2 per year	Main line passenger services (Shosholoz Meyl)	Outcome 6: An efficient, competitive and responsive economic infrastructure network	- <sup>3</sup>	22	3	50	50	50	50
Number of new Shosholoz Meyl locomotives per year	Main line passenger services (Shosholoz Meyl)		- <sup>4</sup>	- <sup>4</sup>	- <sup>4</sup>	19	35	15	19
Number of train stations improved per year	Corporate Real Estate Solutions		41	5	49	35	40	50	80
Number of train stations upgraded per year	Corporate Real Estate Solutions		5	3	8	14	20	30	36
Number of Autopax passengers per year	Autopax	Entity mandate	2.7 million	2.7 million	3.15 million	2.9 million	3.1 million	3.3 million	3.5 million
Customer satisfaction index: rail, bus and property	Corporate Real Estate Solutions	Outcome 6: An efficient, competitive and responsive economic infrastructure network	72%	72%	65.25%	72%	72%	73%	73%

1. Indicator does not have targets every year due to the nature of the project's implementation.

2. The purchase of new train sets for Metrorail coaches will only begin in 2015/16.

3. The refurbishment of Shosholoz Meyl coaches only began in 2011/12.

4. The purchase of new Shosholoz Meyl coaches only began in 2013/14.

## Programmes/activities/objectives

Table 37.28 Passenger Rail Agency of South Africa

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
Administration	759	1 249	1 374	1 324	20.4%	12.7%	1 412	1 487	1 524	4.8%	14.0%
Metrorail	4 734	5 089	5 834	5 501	5.1%	57.8%	5 417	5 710	6 013	3.0%	55.3%
Main line passenger services (Shosholoz Meyl)	1 129	869	1 069	916	-6.7%	11.0%	976	1 029	1 083	5.8%	9.8%
Passenger Rail Agency of South Africa Corporate Real Estate Solutions	661	701	818	849	8.7%	8.3%	925	975	1 026	6.5%	9.2%
Intersite	43	57	66	50	4.7%	0.6%	54	57	60	6.4%	0.5%
Autopax	741	815	935	1 040	12.0%	9.6%	1 106	1 166	1 228	5.7%	11.1%
<b>Total expense</b>	<b>8 067</b>	<b>8 780</b>	<b>10 096</b>	<b>9 679</b>	<b>6.3%</b>	<b>100.0%</b>	<b>9 891</b>	<b>10 423</b>	<b>10 935</b>	<b>4.2%</b>	<b>100.0%</b>

## Expenditure estimates

Table 37.29 Passenger Rail Agency of South Africa

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17		
R million												
<b>Revenue</b>												
<b>Non-tax revenue</b>	<b>3 012</b>	<b>3 976</b>	<b>4 912</b>	<b>3 779</b>	7.9%	45.0%	<b>3 990</b>	<b>4 199</b>	<b>4 418</b>	5.3%	43.5%	
Sale of goods and services other than capital assets	2 705	2 951	3 394	3 778	11.8%	37.2%	3 989	4 197	4 417	5.3%	43.5%	
<i>of which:</i>												
<i>Sales by market establishment</i>	2 499	2 626	3 066	3 601	13.0%	34.2%	3 792	3 994	4 202	5.3%	41.4%	
<i>Rental income</i>	277	285	310	486	20.6%	3.9%	509	533	558	4.7%	5.5%	
<i>Fare revenue</i>	2 222	2 342	2 756	3 116	11.9%	30.2%	3 284	3 461	3 645	5.4%	35.8%	
<i>Other sales</i>	206	324	327	177	-4.9%	3.0%	196	203	214	6.5%	2.1%	
<i>Other non-tax revenue</i>	308	1 025	1 518	1	-84.1%	7.8%	1	1	1	4.8%	0.0%	
<b>Transfers received</b>	<b>4 259</b>	<b>4 775</b>	<b>5 025</b>	<b>4 891</b>	<b>4.7%</b>	<b>55.0%</b>	<b>5 207</b>	<b>5 457</b>	<b>5 746</b>	<b>5.5%</b>	<b>56.5%</b>	
<b>Total revenue</b>	<b>7 271</b>	<b>8 751</b>	<b>9 937</b>	<b>8 670</b>	<b>6.0%</b>	<b>100.0%</b>	<b>9 197</b>	<b>9 655</b>	<b>10 164</b>	<b>5.4%</b>	<b>100.0%</b>	
<b>Expenses</b>												
<b>Current expenses</b>	<b>8 067</b>	<b>8 780</b>	<b>10 096</b>	<b>9 679</b>	<b>6.3%</b>	<b>100.0%</b>	<b>9 891</b>	<b>10 423</b>	<b>10 935</b>	<b>4.2%</b>	<b>100.0%</b>	
Compensation of employees	3 136	3 597	3 991	3 550	4.2%	39.0%	3 777	3 981	4 192	5.7%	37.9%	
Goods and services	3 510	3 721	4 589	4 797	11.0%	45.2%	4 642	4 892	5 274	3.2%	47.9%	
Depreciation	1 278	1 421	1 489	1 323	1.2%	15.1%	1 470	1 549	1 467	3.5%	14.2%	
Interest, dividends and rent on land	143	42	28	8	-62.1%	0.7%	1	1	1	-46.0%	0.0%	
<b>Total expenses</b>	<b>8 067</b>	<b>8 780</b>	<b>10 096</b>	<b>9 679</b>	<b>6.3%</b>	<b>100.0%</b>	<b>9 891</b>	<b>10 423</b>	<b>10 935</b>	<b>4.2%</b>	<b>100.0%</b>	
<b>Surplus/(Deficit)</b>	<b>(796)</b>	<b>(29)</b>	<b>(159)</b>	<b>(1 008)</b>	<b>8.2%</b>		<b>(694)</b>	<b>(768)</b>	<b>(771)</b>	<b>-8.5%</b>		
<b>Statement of financial position</b>												
Carrying value of assets	17 804	20 485	26 461	32 374	22.1%	85.6%	41 326	53 304	69 299	28.9%	94.9%	
<i>of which:</i>												
<i>Acquisition of assets</i>	2 817	3 853	3 932	7 682	39.7%	15.7%	10 686	14 998	13 116	19.5%	22.9%	
Inventory	146	216	242	240	18.2%	0.8%	237	238	238	-0.3%	0.5%	
Loans	-	-	24	24	-	0.0%	24	24	24	-	0.1%	
Receivables and prepayments	369	185	190	261	-10.9%	1.0%	254	268	328	8.0%	0.6%	
Cash and cash equivalents	2 126	3 571	4 986	3 484	17.9%	12.5%	2 536	337	10	-85.9%	4.0%	
Non-current assets held for sale	24	15	-	-	-100.0%	0.0%	-	-	-	-	-	
Defined benefit plan assets	-	7	7	8	-	0.0%	8	8	8	1.0%	0.0%	
<b>Total assets</b>	<b>20 467</b>	<b>24 478</b>	<b>31 911</b>	<b>36 391</b>	<b>21.1%</b>	<b>100.0%</b>	<b>44 385</b>	<b>54 179</b>	<b>69 907</b>	<b>24.3%</b>	<b>100.0%</b>	
Accumulated surplus/(deficit)	(4 435)	(1 761)	(1 918)	(2 928)	-12.9%	-10.7%	(3 622)	(4 390)	(5 159)	20.8%	-7.9%	
Capital and reserves	4 248	4 248	4 248	4 248	-	15.8%	4 248	4 248	4 248	-	8.8%	
Capital reserve fund	16 773	18 780	24 044	30 311	21.8%	79.3%	39 702	52 177	68 673	31.3%	91.8%	
Borrowings	468	264	133	93	-41.7%	1.0%	48	-	-	-100.0%	0.1%	
Finance lease	-	-	6	-	-	0.0%	-	-	-	-	-	
Trade and other payables	3 023	2 211	4 824	4 041	10.2%	12.5%	3 371	1 518	1 518	-27.8%	5.9%	
Provisions	389	716	574	627	17.2%	2.1%	638	626	626	-0.0%	1.3%	
Derivatives financial instruments	-	21	-	-	-	0.0%	-	-	-	-	-	
<b>Total equity and liabilities</b>	<b>20 467</b>	<b>24 478</b>	<b>31 911</b>	<b>36 391</b>	<b>21.1%</b>	<b>100.0%</b>	<b>44 385</b>	<b>54 179</b>	<b>69 907</b>	<b>24.3%</b>	<b>100.0%</b>	

## Personnel information

Table 37.30 Passenger Rail Agency of South Africa

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment													Number			
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
	21 657	21 057	16 299	3 991.0	0.2	21 657	3 550.3	0.2	23 332	3 777.5	0.2	23 623	3 981.5	0.2	23 901	4 192.5	0.2	5.7%	100.0%
1 - 6	12 510	11 910	15 583	3 463.6	0.2	12 510	1 232.3	0.1	13 735	1 353.2	0.1	13 970	1 449.5	0.1	14 002	1 496.5	0.1	6.7%	58.6%
7 - 10	6 160	6 160	-	-	-	6 160	1 415.6	0.2	6 566	1 486.1	0.2	6 516	1 542.1	0.2	6 734	1 655.3	0.2	5.4%	28.1%
11 - 12	2 378	2 378	397	358.6	0.9	2 378	622.4	0.3	2 422	637.0	0.3	2 524	696.0	0.3	2 528	738.1	0.3	5.8%	10.7%
13 - 16	609	609	319	168.9	0.5	609	280.0	0.5	609	301.3	0.5	613	294.0	0.5	637	302.5	0.5	2.6%	2.7%

1. Rand million.

## Expenditure trends

The primary source of revenue of the Passenger Rail Agency of South Africa is transfers from the Department of Transport to finance both the entity's operational and capital expenditure requirements. Revenue from passenger services is generated from ticket sales to train and bus commuters and passengers on long distance journeys. Revenue is expected to increase moderately over the MTEF period from R8.7 billion in 2013/14 to R10.2 billion in 2016/17, at an average annual rate of 4.8 per cent. The increase is expected to be derived from improved revenue collection, increases in the prices of tickets and the expected number of passenger trips. More importantly, however, is that this moderate increase to revenue projections is largely attributed to the agency deferring a substantial proportion of its capital subsidy and thus only recognising that portion of it that matches the depreciation of assets that were bought using the subsidy.

The focus over the medium term will be on improving the agency's infrastructure to increase service reliability and efficiency, mainly in the Metrorail programme. This includes the maintenance of existing infrastructure and rolling stock; upgrading signalling, rail tracks and per way infrastructure, such as platforms and bridges; and the procurement of new rolling stock.

The acquisition of assets is expected to increase at an average annual rate of 19.5 per cent over the medium term as train coaches are refurbished and new rolling stock is purchased. However, the increase to the capital reserve is due to the additional capital subsidy the agency receives every month. When this subsidy is received, the entire amount is deferred in line with the agency's accounting policy and standards. The entity then recognises the subsidy on a systematic basis to match the depreciation from the asset that was bought using the subsidy.

Total expenditure increased between 2010/11 and 2013/14 at an average annual rate of 6.3 per cent. The growth in expenditure over this period relates to expenditure growth in goods and services as a result of an increased focus on maintenance and repairs of rolling stock and signalling systems, and increases in energy and fuel costs. In addition, the administration programme, which accounted for 13.7 per cent of total expenditure in 2013/14, grew significantly from 2010/11 to 2013/14 at an average annual rate of 20.4 per cent. The increase is largely due to the depreciation of rolling stock. The reduction in cash is due to the fact that the first few trains arrive in 2015 and the upgrades, modernisation and other major projects are expected to be nearing completion by then.

Total expenditure is expected to increase over the medium term to R10.9 billion in 2016/17 as the entity expects to increase its staff complement to increase to 23 901 in anticipation of a major capital expenditure programme that will involve the improvement and upgrades of signalling infrastructure and stations, and the recruitment of additional security personnel to improve fare collection rates. As a result, spending on compensation of employees is expected to increase to R4.2 billion in 2016/17 at an average annual rate of 5.7 per cent over the medium term.

## Road Accident Fund

### Mandate and goals

The mandate of the Road Accident Fund, a schedule 3A public entity, is derived from section 3 of the Road Accident Fund Act (1996) as the payment of compensation for loss or damage wrongfully caused by the driving of motor vehicles in South Africa. The socioeconomic mandate of the fund is to reintegrate victims of road accidents into society from a health and economic perspective, and to protect wrongdoers and their families from financial ruin. The fund delivers on this mandate by:

- paying the medical and related costs required to restore road accident victims to health
- compensating the victim/s or their dependants for income or support lost as a result of the accident
- indemnifying the wrongdoer from liability
- paying general damages in instances where a person suffers a serious injury in a road traffic accident
- paying funeral expenses to families when a person dies as a result of a road traffic accident.

The fund's strategic goals over the medium term are to:

- develop a legislative dispensation that is aligned with the principles of social security
- ensure that the organisation is solvent, liquid and sustainable by 2020
- ensure that the organisation is customer centric, operationally effective and efficient by 2017.

## Selected performance indicators

Table 37.31 Road Accident Fund

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Legislation of road accident benefit scheme	Administration		- <sup>1</sup>	- <sup>1</sup>	Draft bill certified	Bill published for comment	Bill submitted to parliament	Legislation enacted and operational readiness finalised	Road Accident Benefit Scheme Act operational
Accumulated deficit	Administration		R30bn	R46.5bn	R52bn	R49bn	R52bn	R56bn	R59bn
Legal costs as a percentage of claims payments	Administration		27%	28%	27%	27%	25%	23%	21%
Direct personal claims as a percentage of total personal claims	Payment of claims to accident victims	Entity mandate	0%	13%	20%	20%	33%	45%	58%
Number of open claims received but not finalised per year	Administration		244 652	253 111	212 686	200 000	188 770	174 726	161 595

1. No historical data, as indicator began in 2012/13.

## Programmes/activities/objectives

Table 37.32 Road Accident Fund

R million	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
Administration	976	1 005	1 176	1 481	14.9%	5.6%	1 733	1 888	2 058	11.6%	7.1%
Payment of claims to accident victims	15 022	32 587	21 580	16 590	3.4%	94.4%	23 896	26 359	27 986	19.0%	92.9%
<b>Total expense</b>	<b>15 998</b>	<b>33 593</b>	<b>22 756</b>	<b>18 071</b>	<b>4.1%</b>	<b>100.0%</b>	<b>25 628</b>	<b>28 247</b>	<b>30 044</b>	<b>18.5%</b>	<b>100.0%</b>

## Expenditure estimates

Table 37.33 Road Accident Fund

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>52</b>	<b>115</b>	<b>260</b>	<b>380</b>	<b>93.9%</b>	<b>1.1%</b>	<b>149</b>	<b>6</b>	<b>0</b>	<b>-91.4%</b>	<b>0.6%</b>
Other non-tax revenue	52	115	260	380	93.9%	1.1%	149	6	0	-91.4%	0.6%
<b>Tax revenue: fuel levy</b>	<b>14 474</b>	<b>16 989</b>	<b>17 380</b>	<b>20 353</b>	<b>12.0%</b>	<b>98.9%</b>	<b>22 458</b>	<b>24 639</b>	<b>26 898</b>	<b>9.7%</b>	<b>99.4%</b>
<b>Total revenue</b>	<b>14 526</b>	<b>17 104</b>	<b>17 640</b>	<b>20 733</b>	<b>12.6%</b>	<b>100.0%</b>	<b>22 607</b>	<b>24 645</b>	<b>26 898</b>	<b>9.1%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>976</b>	<b>1 005</b>	<b>1 176</b>	<b>1 481</b>	<b>14.9%</b>	<b>5.6%</b>	<b>1 733</b>	<b>1 888</b>	<b>2 058</b>	<b>11.6%</b>	<b>7.1%</b>
Compensation of employees	621	655	763	996	17.1%	3.7%	1 178	1 296	1 426	12.7%	4.9%
Goods and services	252	263	325	426	19.1%	1.5%	481	507	534	7.8%	2.0%
Depreciation	60	64	61	46	-7.9%	0.3%	61	72	85	22.2%	0.3%
Interest, dividends and rent on land	43	24	27	12	-35.3%	0.1%	12	13	14	5.4%	0.1%
<b>Transfers and subsidies</b>	<b>15 022</b>	<b>32 587</b>	<b>21 580</b>	<b>16 590</b>	<b>3.4%</b>	<b>94.4%</b>	<b>23 896</b>	<b>26 359</b>	<b>27 986</b>	<b>19.0%</b>	<b>92.9%</b>
<b>Total expenses</b>	<b>15 998</b>	<b>33 593</b>	<b>22 756</b>	<b>18 071</b>	<b>4.1%</b>	<b>100.0%</b>	<b>25 628</b>	<b>28 247</b>	<b>30 044</b>	<b>18.5%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>(1 472)</b>	<b>(16 489)</b>	<b>(5 116)</b>	<b>2 662</b>	<b>-221.8%</b>		<b>(3 021)</b>	<b>(3 602)</b>	<b>(3 145)</b>	<b>-205.7%</b>	

Table 37.33 Road Accident Fund

Statement of financial position	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Carrying value of assets	328	277	252	292	-3.7%	4.0%	314	333	343	5.5%	4.8%
of which:											
Acquisition of assets	45	6	15	87	24.2%	0.5%	83	91	96	3.3%	1.3%
Inventory	2	3	3	3	10.5%	0.0%	3	4	4	6.0%	0.1%
Loans	145	145	132	140	-1.0%	1.9%	149	157	167	6.0%	2.3%
Accrued investment interest	4	19	33	35	100.3%	0.3%	37	39	41	6.0%	0.6%
Receivables and prepayments	2 950	3 884	4 154	4 622	16.1%	50.3%	5 107	5 610	6 131	9.9%	81.0%
Cash and cash equivalents	1 138	4 245	6 144	3 737	48.6%	43.5%	149	6	0	-96.0%	11.3%
<b>Total assets</b>	<b>4 567</b>	<b>8 572</b>	<b>10 717</b>	<b>8 828</b>	<b>24.6%</b>	<b>100.0%</b>	<b>5 759</b>	<b>6 149</b>	<b>6 687</b>	<b>-8.8%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	(29 980)	(46 472)	(51 344)	(49 029)	17.8%	-558.3%	(52 159)	(55 877)	(59 145)	6.5%	-813.6%
Capital and reserves	65	72	124	124	23.6%	1.2%	124	124	124	-	1.9%
Trade and other payables	615	409	475	503	-6.5%	7.1%	534	566	600	6.0%	8.3%
Provisions	33 867	54 563	61 463	57 230	19.1%	650.0%	57 261	61 336	65 108	4.4%	903.5%
<b>Total equity and liabilities</b>	<b>4 567</b>	<b>8 572</b>	<b>10 717</b>	<b>8 828</b>	<b>24.6%</b>	<b>100.0%</b>	<b>5 759</b>	<b>6 149</b>	<b>6 687</b>	<b>-8.8%</b>	<b>100.0%</b>

## Personnel information

Table 37.34 Road Accident Fund

Salary level	Number of funded posts	Number of posts on approved establishment	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		2013/14 - 2016/17
			Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost			
	2 513	2 513	1 877	762.6	0.4	2 513	996.4	0.4	2 703	1 178.3	0.4	2 765	1 296.1	0.5	2 837	1 425.7	0.5	12.7%	100.0%
1 – 6	16	16	13	2.7	0.2	16	3.6	0.2	17	4.2	0.2	18	4.6	0.3	18	5.1	0.3	12.7%	0.6%
7 – 10	777	777	680	138.5	0.2	777	181.0	0.2	835	214.0	0.3	856	235.4	0.3	878	258.9	0.3	12.7%	30.9%
11 – 12	1 458	1 458	984	340.8	0.3	1 458	445.3	0.3	1 569	526.5	0.3	1 604	579.2	0.4	1 647	637.1	0.4	12.7%	58.0%
13 – 16	253	253	193	117.1	0.6	253	153.0	0.6	272	180.9	0.7	279	199.0	0.7	286	218.9	0.8	12.7%	10.1%
17 – 22	9	9	7	163.5	23.4	9	213.6	23.7	9	252.6	28.1	9	277.9	30.9	9	305.6	34.0	12.7%	0.3%

1. Rand million.

## Expenditure trends

Almost all of the Road Accident Fund's revenue is derived from the fuel levy, which was 96 cents a litre in 2013/14. Total revenue is expected to increase at an average annual rate of 9.1 per cent over the medium term from R20.7 billion in 2013/14 to R26.9 billion in 2016/17 due to increases in the levy. The average annual growth between 2010/11 and 2013/14 was 12.6 per cent.

The fund intends to use cash received from the fuel levy after paying administration, human resources and capital expenditure costs to pay claims and related expenditure. On average, 93 per cent of the fuel levy is expected to be used for claims and related expenses.

Total expenditure is driven by the payment of claims to accident victims, which continues to be the spending focus over the medium term. Claims expenditure is expected to increase at an average annual rate of 20.9 per cent over the medium term to R25.9 billion in 2016/17 as more claims are finalised through agents who process claims.

Expenditure on the payment of claims to accident victims decreased at an average annual rate of 1.6 per cent between 2010/11 and 2013/14. This decline is as a result of the work undertaken by actuaries on claim reporting and settlement delays, which influenced the valuation assumptions of liabilities on payment of claims in March 2013. After 2013/14, the reported claims are expected to stabilise above the R20 billion level.

The increase in goods and services in 2012/13 is mainly as result of the impairment of the software assets. Spending on goods and services is expected to increase at an average annual rate of 7.8 per cent over the medium term to support the expansion of the organisational structure to process claims. This can be seen in the

decreased number of open claims received but not finalised over the MTEF period. The decrease in depreciation for 2012/13 and 2013/14 was mainly the result of the impairment of the software assets, while the increase in depreciation for 2014/15 and 2016/17 is as result of the expected acquisition of assets following the implementation of the new organisational structure.

Expenditure on compensation of employees grew at a rate of 17.1 per cent to R996 million in 2013/14 as the staff complement increased to 2 513 due to new staff for the expansion drive who are expected to be employed by the end of 2013/14. As a result of the implementation of the new organisational structure that seeks to rationalise the historic structure and to control for weaknesses and operational impediments, compensation of employees is projected to increase to R1.4 billion. It is expected that the staff complement will increase from 1 877 at the end of March 2013 to 2 837 in 2016/17.

The increase in administrative expenditure in 2013/14 and 2014/15 is as a result of initiatives to improve productivity in the claims environment and related projects. The entity has a funded establishment of 2 513 posts.

## South African National Roads Agency

### Mandate and goals

The South African National Roads Agency is a schedule 3A public entity established by the South African National Roads Agency and National Roads Act (1998). In terms of the act, the agency is responsible for the planning, design, construction, operation, management, control, maintenance and rehabilitation of the South African national road network, including the financing of the these functions. This includes both toll and non-toll roads.

The agency's main strategic goal over the medium term is to provide effective strategic road infrastructure to facilitate development, commerce, mobility and access. In addition, the agency will continue with its preventative maintenance approach as it expands its network to the extended mandate of 35 000 kilometres.

### Selected performance indicators

Table 37.35 The South African National Roads Agency

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Smooth travel exposure index: Percentage of travel undertaken each year on national roads with roughness less than 4.2(m/km)	Routine maintenance	Outcome 6: An efficient, competitive and responsive economic infrastructure network	95%	96%	95%	95%	95%	95%	95%
Low rut exposure: Percentage of travel undertaken each year on national roads with rut depth less than 20mm	Routine maintenance		99%	99%	95%	95%	95%	95%	95%
High texture exposure: Percentage of travel undertaken each year on national roads with macro texture higher than 0.4mm	Routine maintenance		99%	97%	97%	95%	95%	95%	95%
Bridge condition exposure index: Percentage of travel over or under bridges on national roads with overall condition index higher than 80	Routine maintenance		95%	96%	94%	90%	90%	90%	90%
Length of network: Kilometres of roads with active routine maintenance contracts	Routine maintenance		16 170	16 170	19 704	19 704	19 704	19 704	19 704
Resurface length: Kilometres of roads resealed or overlaid	Routine maintenance		1 250	750	1 370	850	850	850	850
Strengthening length: Kilometres of roads strengthened	Improvements		275	300	502	400	400	400	400

## Programmes/activities/objectives

Table 37.36 The South African National Roads Agency

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	3 708	4 779	5 778	5 367	13.1%	43.4%	8 959	7 400	6 423	6.2%	31.8%
Routine maintenance	976	1 218	1 531	3 870	58.3%	14.9%	4 559	3 794	2 428	-14.4%	17.0%
Strengthening	1 009	1 487	1 452	3 198	46.9%	14.5%	3 767	2 977	1 230	-27.3%	13.1%
Improvements	958	1 276	1 561	3 168	49.0%	14.0%	3 836	7 315	12 152	56.5%	29.0%
New facilities	1 110	1 505	1 689	1 718	15.7%	13.2%	2 242	2 017	1 974	4.7%	9.1%
<b>Total expense</b>	<b>7 761</b>	<b>10 264</b>	<b>12 011</b>	<b>17 322</b>	<b>30.7%</b>	<b>100.0%</b>	<b>23 363</b>	<b>23 503</b>	<b>24 207</b>	<b>11.8%</b>	<b>100.0%</b>

## Expenditure estimates

Table 37.37 The South African National Roads Agency

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>26 925</b>	<b>37 993</b>	<b>10 729</b>	<b>3 231</b>	<b>-50.7%</b>	<b>64.9%</b>	<b>4 692</b>	<b>5 849</b>	<b>6 226</b>	<b>24.4%</b>	<b>36.6%</b>
Sale of goods and services other than capital assets	2 240	2 116	2 605	3 084	11.2%	13.3%	4 546	5 702	6 080	25.4%	35.5%
<i>of which:</i>											
Toll fees	2 073	1 987	2 199	2 760	10.0%	11.8%	4 221	5 377	5 755	27.8%	33.0%
Other sales	167	129	406	325	24.7%	1.4%	325	325	325	-	2.4%
Other non-tax revenue	24 684	35 877	8 124	146	-81.9%	51.7%	146	146	146	-	1.1%
Transfers received	3 358	4 640	9 756	7 810	32.5%	35.1%	8 198	8 699	9 199	5.6%	63.4%
<b>Total revenue</b>	<b>30 282</b>	<b>42 633</b>	<b>20 485</b>	<b>11 041</b>	<b>-28.6%</b>	<b>100.0%</b>	<b>12 890</b>	<b>14 548</b>	<b>15 426</b>	<b>11.8%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>7 761</b>	<b>10 264</b>	<b>12 011</b>	<b>17 322</b>	<b>30.7%</b>	<b>100.0%</b>	<b>23 363</b>	<b>23 503</b>	<b>24 207</b>	<b>11.8%</b>	<b>100.0%</b>
Compensation of employees	111	129	155	195	20.6%	1.3%	200	214	229	5.6%	1.0%
Goods and services	4 161	5 588	6 502	12 095	42.7%	58.0%	18 124	17 916	18 118	14.4%	74.6%
Depreciation	874	1 126	1 613	1 588	22.0%	11.2%	1 595	2 100	2 587	17.7%	8.9%
Interest, dividends and rent on land	2 615	3 420	3 741	3 444	9.6%	29.5%	3 444	3 273	3 273	-1.7%	15.5%
<b>Total expenses</b>	<b>7 761</b>	<b>10 264</b>	<b>12 011</b>	<b>17 322</b>	<b>30.7%</b>	<b>100.0%</b>	<b>23 363</b>	<b>23 503</b>	<b>24 207</b>	<b>11.8%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>22 521</b>	<b>32 369</b>	<b>8 474</b>	<b>(6 281)</b>	<b>-165.3%</b>		<b>(10 472)</b>	<b>(8 955)</b>	<b>(8 781)</b>	<b>11.8%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	214 158	257 445	271 218	271 926	8.3%	96.9%	277 511	288 757	296 736	3.0%	97.5%
<i>of which:</i>											
Acquisition of assets	10 960	9 103	8 640	8 072	-9.7%	3.6%	12 199	13 157	13 887	19.8%	4.0%
Investments	3 211	2 342	574	2 921	-3.1%	0.9%	596	619	641	-39.7%	0.4%
Receivables and prepayments	333	246	565	1 720	72.9%	0.3%	2 358	2 857	2 588	14.6%	0.8%
Cash and cash equivalents	2 788	9 232	4 419	3 632	9.2%	1.9%	3 939	3 434	3 502	-1.2%	1.2%
Non-current assets held for sale	0	-	133	-	-100.0%	0.0%	140	147	154	-	0.0%
<b>Total assets</b>	<b>220 490</b>	<b>269 265</b>	<b>276 909</b>	<b>280 199</b>	<b>8.3%</b>	<b>100.0%</b>	<b>284 544</b>	<b>295 813</b>	<b>303 621</b>	<b>2.7%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	(3 665)	(6 102)	(4 725)	(3 567)	-0.9%	-1.7%	(4 612)	1 582	3 219	-196.6%	-0.3%
Capital and reserves	169 756	205 147	211 657	205 398	6.6%	75.7%	210 590	210 590	210 590	0.8%	72.0%
Capital reserve fund	18 846	27 800	28 590	32 247	19.6%	10.2%	31 559	32 719	41 818	9.0%	11.9%
Borrowings	32 595	30 638	30 950	42 191	9.0%	13.1%	36 637	39 949	36 860	-4.4%	13.4%
Deferred income	1 262	1 021	1 170	1 262	-	0.5%	1 056	1 532	1 608	8.4%	0.5%
Trade and other payables	1 308	2 807	2 612	2 331	21.2%	0.9%	2 730	2 930	3 077	9.7%	0.9%
Provisions	27	20	25	25	-2.6%	0.0%	24	22	20	-7.0%	0.0%
Managed funds (e.g. poverty alleviation fund)	362	265	552	310	-5.0%	0.1%	469	399	339	3.0%	0.1%
Derivatives financial instruments	-	7 669	6 090	-	-	1.3%	6 090	6 090	6 090	-	1.6%
<b>Total equity and liabilities</b>	<b>220 490</b>	<b>269 265</b>	<b>276 920</b>	<b>280 199</b>	<b>8.3%</b>	<b>100.0%</b>	<b>284 544</b>	<b>295 813</b>	<b>303 621</b>	<b>2.7%</b>	<b>100.0%</b>
<b>Contingent liabilities</b>	<b>(0.6)</b>	<b>-</b>	<b>11 132.0</b>	<b>-</b>			<b>-</b>	<b>-</b>	<b>-</b>		

## Personnel information

**Table 37.38 The South African National Roads Agency**

Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	260	280	237	155.2	0.7	260	194.7	0.7	528	200.3	0.4	548	214.0	0.4	568	228.9	0.4	5.6%	100.0%
1 – 6	25	30	13	2.6	0.2	25	9.6	0.4	293	2.2	0.0	313	2.1	0.0	333	2.3	0.0	-38.4%	45.2%
7 – 10	76	83	82	23.5	0.3	76	22.6	0.3	76	24.2	0.3	76	25.9	0.3	76	27.7	0.4	7.0%	17.7%
11 – 12	67	69	65	33.7	0.5	67	40.9	0.6	67	43.7	0.7	67	46.8	0.7	67	50.1	0.7	7.0%	15.6%
13 – 16	90	94	75	90.3	1.2	90	115.8	1.3	90	124.0	1.4	90	132.6	1.5	90	141.9	1.6	7.0%	21.0%
17 – 22	2	4	2	5.2	2.6	2	5.7	2.9	2	6.1	3.1	2	6.5	3.3	2	7.0	3.5	7.0%	0.5%

1. Rand million.

## Expenditure trends

The South African National Roads Agency's income mainly comprises of revenue generated from toll fees for the toll road network, and government allocations for the upkeep of the non-toll network. 39.7 per cent of total revenue came from national government transfers between 2010/11 and 2013/14. While the transfers increased significantly between 2010/11 and 2012/13 as road maintenance was identified as an economic infrastructure priority, the growth in transfers will reduce over the MTEF. Toll income increased considerably between 2010/11 and 2013/14, at an average annual growth of 10 per cent, due to traffic increases on existing toll roads and the opening of new toll plazas on the R30 and N17 national roads, as well as the start of the e-tolling project in December 2013. Transfers were particularly high in 2011/12 due to the once-off transfer of R5.8 billion in 2011/12 for the Gauteng freeway improvement project.

Revenue from sales by market establishment is projected to grow significantly over the MTEF period at an average annual rate of 27.8 per cent to R5.8 billion, due to the anticipated full implementation of the Gauteng freeway improvement project e-tolling, which has the potential to result in improved revenue inflows. The decline in non-tax revenue at an average annual rate of 81.9 per cent is due to the agency not undertaking work on behalf of other spheres of government in the absence of contracts. This is the reason for the other non-tax revenue levelling off over the medium term.

The spending focus over the medium term will be on road improvements, due to that fact that 75 per cent of the network is beyond its original design life, and some road sections cannot be economically maintained through preventative maintenance any longer. This approach ensures consistently high road quality while gradually increasing the kilometres of roads that have been resurfaced and strengthened. The agency's main expenditure item is on payments to contractors for road works. As a result, total expenditure is expected to increase at an average annual rate of 11.8 per cent over the medium term. Over the same period, interest payments will decline at an average annual rate of 1.7 per cent. The decline in finance charges over the projected period is as a result of improved cash holdings, which will result from e-toll inflows. In addition, the agency paid off one of its long term bonds in October 2013 and another long term bond is expected to be paid off in 2015.

Expenditure between 2010/11 and 2013/14 increased for different activities, but in particular for maintenance as this is the most efficient way of upholding the value of road assets. The increase in the total road network from 16 000km to 20 000km is the large driver of expenditure, and this includes provincial roads incorporated into the agency's strategic road network. In addition, total expenditure grew at an average annual rate of 30.7 per cent between 2010/11 and 2013/14, largely driven by interest costs incurred to service the existing bonds, as well as the costs of repairing and maintaining the existing infrastructure. The increments in interest cost contribute to the overall increase in trade payables from 2010/11 onwards due to higher outstanding payments to service the repayment of the Gauteng freeway improvement project loan.

Expenditure on goods and services is made up mainly of project, technical and computer services costs. The 42.7 per cent average annual increase in spending on goods and services between 2010/11 and 2013/14 was largely driven by active projects, including the initial phase for the Gauteng freeway improvement project.

Expenditure on consultants increased from R9.3 million in 2011/12 to R26.4 million in 2012/13 due to the building of new offices for the western and southern region branches. It is expected to decrease drastically to R5.2 million over the medium term. Design consultants are used for once-off tasks. Spending on compensation of employees increased significantly, at an average annual rate of 20.6 per cent 2010/11 and 2013/14, from 224 staff in 2010/11 to 260 in 2013/14. This increase in the staff complement enabled the agency to achieve high levels of performance as shown by the routine maintenance targets achieved in the same period.

Financial asset investments declined from R3.2 billion in 2010/11 to R573.6 million in 2012/13, and stabilised in 2013/14 at R2.9 billion. This trend is due to the volatility in market related financial instruments as a result of the repo borrowing programme. Additionally, the increase in receivables and prepayments to R1.7 billion in 2013/14 at an average annual rate of 72.9 per cent is due to increases in the number of defaulting debtors as a result of the implementation of the Gauteng freeway improvement project. Over the same period, receivables are expected to increase at an average annual rate of 14.6 per cent due to an increase in the number of e-toll debtors, since it is expected that in the early stages, large numbers of users will default on payments.

The capital reserve fund is largely made up of a revaluation of land, the road network and road structures, and a deferred grant for non-toll roads. The fund's 19.6 per cent average annual growth between 2010/11 and 2013/14 was largely influenced by deferred capital allocations.

### Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Cross Border Road Transport Agency** is tasked with facilitating the unimpeded flow of cross border freight and passengers by road in order to promote trade and economic development within the SADC region. Estimated expenditure for 2014/15 is R214 million.
- **Driving Licence Card Account** manufactures credit card format driving licences, based on orders received from driving licence testing centres, and generates its own revenue through the sale of the licences. Estimated expenditure for 2014/15 is R160.6 million.
- The **Ports Regulator** exercises economic regulation over the ports industry. Estimated expenditure for 2014/15 is R17.2 million.
- The **Railway Safety Regulator's** mission is to oversee and promote safe railway operations through appropriate support, monitoring and enforcement guided by an enabling regulatory framework. Estimated expenditure for 2014/15 is R134.8 million.
- The **Road Traffic Infringement Agency** administers the procedures that discourage the contravention of road traffic laws and adjudicates infringements, enforces penalties, provides specialised prosecution support services, and undertakes community education and awareness programmes. Estimated expenditure for 2014/15 is R157.4 million.
- The **Road Traffic Management Corporation** coordinates strategic planning, regulation, facilitation and law enforcement in respect of road traffic matters by national, provincial and local spheres of government. Estimated expenditure for 2014/15 is R624.9 million.
- The **South African Civil Aviation Authority's** main strategic objective is to enforce safety and security regulations in the aviation industry. Estimated expenditure for 2014/15 is R468.7 million.
- The **South African Maritime Safety Authority** promotes South Africa's maritime interests and ensures the safety of life and property at sea. Estimated expenditure for 2014/15 is R356.8 million.

**Additional table: Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2013/14	Medium-term expenditure estimate	
				2010/11	2011/12		2014/15	2015/16
<b>R million</b>								
<b>Infrastructure transfers to other spheres, agencies and departments</b>								
South African National Roads Agency	Development and upkeep of national road network	Various	-	4 065.2	11 477.3	6 602.6	8 180.8	8 998.6
Passenger Rail Agency of South Africa	Passenger rail infrastructure maintenance and rehabilitation	Construction	-	5 110.3	6 134.8	6 701.1	10 711.0	10 194.7
Gautrain rapid rail link	National contribution for construction of Gautrain rapid rail link	Hand over	12 951.5	438.4	5.3	-	-	-
Public transport infrastructure grant	Public transport infrastructure and systems for municipalities	Various	-	3 699.5	4 611.6	4 884.4	5 126.0	5 588.7
Passenger Rail Agency of South Africa: Public transport infrastructure grant	Improved railway stations	Hand over	-	500.0	-	-	-	-
Provincial roads maintenance grant	Maintenance of provincial road infrastructure	Various	-	4 080.1	5 872.4	6 828.5	9 361.5	10 291.9
Passenger Rail Agency of South Africa: New rolling stock	New rolling stock	Various	-	-	-	-	348.0	4 522.0
Passenger Rail Agency of South Africa: Public transport infrastructure grant	Purchase of buses	Handed over	-	797.0	-	-	-	-
Overload control grant	Overload control	Hand over	-	11.0	-	-	-	-
<b>Total</b>			<b>12 951.5</b>	<b>18 701.4</b>	<b>28 101.4</b>	<b>25 016.6</b>	<b>33 727.3</b>	<b>39 859.6</b>

## Water Affairs

### Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	1 026.4	987.9	17.2	21.3	1 119.1	1 269.7
Water Sector Management	597.8	552.5	0.0	45.2	618.9	689.9
Water Infrastructure Management	2 919.4	–	2 919.4	–	4 050.8	4 382.5
Regional Implementation and Support	7 782.7	1 278.1	1 576.3	4 928.4	10 135.7	10 668.2
Water Sector Regulation	121.5	120.4	–	1.1	125.8	142.1
International Water Cooperation	32.5	30.7	0.9	0.8	33.9	47.5
<b>Total expenditure estimates</b>	<b>12 480.3</b>	<b>2 969.7</b>	<b>4 513.9</b>	<b>4 996.8</b>	<b>16 084.2</b>	<b>17 199.9</b>
Executive authority	Minister of Water Affairs					
Accounting officer	Director General of Water Affairs					
Website address	www.dwa.gov.za					

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.*

### Aim

*Ensure the availability and supply of water at national level, facilitate equitable and sustainable social and economic development, and ensure the universal and efficient supply of water services at local level.*

### Mandate

The Department of Water Affairs' legislative mandate seeks to ensure that the country's water resources are protected, managed, used, developed, conserved and controlled by regulating and supporting the delivery of effective water supply and sanitation. This entails adhering to the requirements of water related policies and legislation, including constitutional requirements, that are critical in delivering on the right of access to sufficient food and water, transforming the economy and eradicating poverty. The mandate is derived from the National Water Act (1998), the Water Services Act (1997) and the Water Research Act (1971).

### Strategic goals

The department's strategic goals over the medium term are to:

- be an efficient, effective and development oriented sector leader by increasing the skills pool by implementing commitments contained in the sector skills plan of capacity building
- improve water resources management by finalising the institutional framework and formalising regional entities to provide regional bulk water infrastructure and support municipalities
- improve the internal control environment, thus improving water resources and services information and implementing programmes that support job creation
- provide equitable and sustainable raw water by finalising and implementing strategies that guide future priorities for water management in the country
- implement programmes to improve the efficiency of water use and oversee water infrastructure programmes that would be of benefit to various other sectors
- ensure the provision of equitable and sustainable water services of acceptable quantity and quality by regulating the quality and quantity of water services, and ensuring interim water supply in the 24 priority district municipalities

- protect freshwater ecosystems by improving the protection of water resources through the implementation of various programmes in support of water resources quality management, and ensuring that various sectors across the water value chain comply with water legislation.

## Programme purposes

### Programme 1: Administration

**Purpose:** Provide policy leadership, advice and core management and administrative support services.

### Programme 2: Water Sector Management

**Purpose:** Ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable manner for the benefit of all people and the environment, by developing and implementing effective policies and integrated planning strategies, and developing a knowledge base and procedures.

### Programme 3: Water Infrastructure Management

**Purpose:** Ensure a reliable supply of water from bulk raw water resources infrastructure to meet sustainable demand objectives for South Africa within acceptable risk parameters. Solicit and source funding to implement, operate and maintain bulk raw water resources infrastructure in an efficient and effective manner by strategically managing risks and assets.

### Programme 4: Regional Implementation and Support

**Purpose:** Coordinate the effective implementation of the department's strategic goals and objectives at the regional level, including the establishment of water resource management institutions. Facilitate water conservation and demand management. Accelerate communities' access to water infrastructure.

### Programme 5: Water Sector Regulation

**Purpose:** Ensure the development, implementation, monitoring and review of regulations across the water value chain in accordance with the provisions of the National Water Act (1998) and the Water Services Act (1997).

### Programme 6: International Water Cooperation

**Purpose:** Strategically develop, promote and manage international relations on water resources between countries through bilateral and multilateral cooperation instruments and organisations, in line with provisions of the National Water Act (1998). Pursue national interests at both African multilateral and global multilateral organisations and forums.

## Selected performance indicators

**Table 38.1 Water Affairs**

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new reconciliation strategies developed to ensure water security per year	Water Sector Management	Outcome 6: An efficient, competitive and responsive economic infrastructure network	2	2	4	1	3	3	3
Total number of gauging sites monitored	Water Sector Management	Outcome 10: Environmental assets and natural resources that are valued, protected and continually enhanced	1 500	1 549 <sup>8</sup>	1 515	1 509	500	700	700
Number of additional people provided with access to water per year	Regional Implementation and Support	Outcome 9: A responsive, accountable, effective and efficient local government system	351 106	598 766	695 600	1 million	1 million	1 million	1 million
Number of new bulk infrastructure schemes completed per year <sup>1</sup>	Regional Implementation and Support	Outcome 6: An efficient, competitive and responsive economic infrastructure network	55	62	3	12	8	18	19
Number of rainwater harvesting tanks installed for access to water and food production per year <sup>2</sup>	Regional Implementation and Support	Outcome 9: A responsive, accountable, effective and efficient local government system	5 740	8 068 <sup>8</sup>	4 068	2 400	1 790	1 500	1 500

Table 38.1 Water Affairs

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of additional resource poor farmers supported with access to water per year	Regional Implementation and Support	Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all	666	4 174 <sup>8</sup>	1 787	880	744	620	620
Number of municipalities supported to implement water conservation and water demand management per year	Regional Implementation and Support	Outcome 9: A responsive, accountable, effective and efficient local government system	4	68 <sup>8</sup>	34	70	35	69	51
Percentage completed on construction of Inyaka water treatment works as stated in the original and approved project implementation plan <sup>3</sup>	Regional Implementation and Support	Outcome 6: An efficient, competitive and responsive economic infrastructure network	73%	98%	99%	100%	- <sup>3</sup>	- <sup>3</sup>	- <sup>3</sup>
Percentage completed on construction of Nandoni water distribution network and water treatment works as stated in the original and approved project implementation plan <sup>3</sup>	Regional Implementation and Support		69%	79%	99%	100%	- <sup>3</sup>	- <sup>3</sup>	- <sup>3</sup>
Percentage completed on construction of Nandoni distribution replacement of glass reinforced plastic pipeline as stated in the original and approved implementation plan <sup>3</sup>	Regional Implementation and Support		- <sup>4</sup>	27%	91%	100%	- <sup>3</sup>	- <sup>3</sup>	- <sup>3</sup>
Percentage completed on construction of Groot Letaba water augmentation project water distribution network and water treatment works as stated in the original and approved project implementation plan	Regional Implementation and Support		- <sup>5</sup>	- <sup>5</sup>	8%	25%	55%	100%	- <sup>6</sup>
Percentage completed on construction of Hluhluwe regional water scheme as stated in the original and approved project implementation plan	Regional Implementation and Support		81%	92%	100%	- <sup>7</sup>	- <sup>7</sup>	- <sup>7</sup>	- <sup>7</sup>
Total number of wastewater treatment collector systems assessed for compliance with effluent standards	Water Sector Regulation		Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	821	831	963	960	1 028	1 200
Total number of water treatment supply systems assessed for compliance with drinking water quality standards	Water Sector Regulation	787		914	931	950	1 084	1 084	1 090
Number of new catchment areas in which compulsory licensing processes have been completed per year	Water Sector Regulation	- <sup>5</sup>		- <sup>5</sup>	2	2	0	1	1
Number of strategic new partnerships established with countries in Africa per year	International Water Cooperation	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	- <sup>5</sup>	4	2	2	2	4	3

1. From 2012/13, the indicator only includes completed schemes. The indicator previously measured all the schemes implemented per year, hence the decrease in 2012/13.

2. The significant decline over the medium term is as a result of a budget reduction.

3. These indicators will only be measured up to 2013/14.

4. The construction of Nandoni distribution replacement of glass reinforced plastic pipeline only started in 2011/12.

5. This indicator had not been introduced yet, thus no historical data available.

6. This project will be completed in 2015/16.

7. This indicator will only be measured up to 2012/13.

8. The number published in the 2013 ENE was incorrect.

## The national development plan

The national development plan envisages that by 2030 the country will have transitioned to an environmentally sustainable economy, and that all South Africans will have access to affordable, sufficient and safe water and decent sanitation. Urban and industrial centres will have a reliable supply of water to meet their needs, agricultural water use will support productive and inclusive rural communities, and the natural environment will be protected to prevent excessive abstraction and pollution. To this end, the plan advocates carefully regulated infrastructure, and research and development to ensure the most efficient use of this resource. The second iteration of the department's national water resource strategy was completed, approved by Cabinet and published in the Government Gazette in August 2013. The strategy sets out how the department will achieve its own core objectives and those of the water sector. The following objectives are aligned with the national development plan: water that supports development and the elimination of poverty and inequality; water that contributes to the economy and job creation; and water that is protected, used, developed, conserved, managed and controlled sustainably and equitably.

The plan also proposes the target of a 15 per cent reduction in the average water demand by 2030. In response to this, the department will continue to run various programmes supporting local government to refurbish existing infrastructure of prioritised schemes, and implement water conservation and water demand management programmes. These programmes include: the war on leaks project, the accelerated community infrastructure programme, water conservation and demand management target setting for metropolitan municipalities, the no drop assessment and certification programme, and various education and awareness programmes.

## Expenditure estimates

Table 38.2 Water Affairs

Programme	Audited outcome			Adjusted Appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million												
Administration	826.5	781.5	843.4	978.6	958.6	5.1%	10.1%	1 026.4	1 119.1	1 269.7	9.8%	7.9%
Water Sector Management	423.9	511.8	500.5	517.4	530.8	7.8%	5.8%	597.8	618.9	689.9	9.1%	4.4%
Water Infrastructure Management	2 132.4	2 384.0	2 251.5	2 565.2	2 535.2	5.9%	27.6%	2 919.4	4 050.8	4 382.5	20.0%	25.0%
Regional Implementation and Support	3 499.4	4 375.5	4 935.8	6 171.3	5 741.3	17.9%	55.0%	7 782.7	10 135.7	10 668.2	22.9%	61.7%
Water Sector Regulation	125.6	91.2	87.4	117.7	101.2	-6.9%	1.2%	121.5	125.8	142.1	12.0%	0.9%
International Water Cooperation	15.9	20.9	23.0	25.4	28.6	21.5%	0.3%	32.5	33.9	47.5	18.5%	0.3%
<b>Total</b>	<b>7 023.7</b>	<b>8 164.9</b>	<b>8 641.5</b>	<b>10 375.6</b>	<b>9 895.6</b>	<b>12.1%</b>	<b>100.0%</b>	<b>12 480.3</b>	<b>16 084.2</b>	<b>17 199.9</b>	<b>20.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				188.6	(291.4)			31.3	595.8	880.0		
<b>Economic classification</b>												
<b>Current payments</b>	<b>2 267.3</b>	<b>2 281.4</b>	<b>2 310.6</b>	<b>2 707.4</b>	<b>2 667.4</b>	<b>5.6%</b>	<b>28.2%</b>	<b>2 969.7</b>	<b>3 153.7</b>	<b>3 443.9</b>	<b>8.9%</b>	<b>22.0%</b>
Compensation of employees	906.0	922.8	1 028.5	1 181.5	1 164.6	8.7%	11.9%	1 362.9	1 435.9	1 519.5	9.3%	9.9%
Goods and services	1 358.4	1 354.7	1 278.6	1 525.7	1 502.6	3.4%	16.3%	1 606.6	1 717.6	1 924.4	8.6%	12.1%
<i>of which:</i>												
<i>Consultants and professional services: Business and advisory services</i>	204.3	166.0	181.3	176.2	158.7	-8.1%	2.1%	163.0	158.4	255.2	17.1%	1.3%
<i>Consultants and professional services: Infrastructure and planning</i>	160.0	175.8	132.4	189.3	212.7	10.0%	2.0%	184.8	194.6	205.7	-1.1%	1.4%
<i>Operating leases</i>	217.2	182.5	3.1	14.9	14.9	-59.0%	1.2%	273.2	309.3	329.1	180.3%	1.7%
<i>Travel and subsistence</i>	173.9	208.3	231.8	180.4	176.4	0.5%	2.3%	219.0	222.0	257.5	13.4%	1.6%
<i>Interest and rent on land</i>	2.9	4.0	3.5	0.2	0.2	-57.6%	0.0%	0.1	0.1	0.1	-26.0%	0.0%
<b>Transfers and subsidies</b>	<b>3 227.0</b>	<b>3 486.1</b>	<b>2 932.7</b>	<b>3 918.1</b>	<b>3 678.1</b>	<b>4.5%</b>	<b>39.5%</b>	<b>4 513.9</b>	<b>6 933.8</b>	<b>7 213.7</b>	<b>25.2%</b>	<b>40.1%</b>
Provinces and municipalities	985.4	992.5	562.8	1 025.8	815.8	-6.1%	10.0%	984.2	1 850.6	1 797.3	30.1%	9.8%
Departmental agencies and accounts	1 992.8	2 259.0	2 109.0	2 431.5	2 401.5	6.4%	26.0%	2 737.8	3 865.4	4 197.9	20.5%	23.7%
Foreign governments and international organisations	180.3	179.7	180.6	188.6	188.6	1.5%	2.2%	185.2	190.2	189.5	0.1%	1.4%
Public corporations and private enterprises	9.7	-	49.4	250.0	250.0	195.7%	0.9%	580.0	1 000.0	1 000.0	58.7%	5.1%
Non-profit institutions	-	-	0.5	0.7	0.7		0.0%	1.5	1.5	1.5	26.8%	0.0%
Households	58.9	54.9	30.4	21.4	21.4	-28.7%	0.5%	25.1	26.2	27.5	8.8%	0.2%
<b>Payments for capital assets</b>	<b>1 523.8</b>	<b>2 371.9</b>	<b>3 397.9</b>	<b>3 750.0</b>	<b>3 550.0</b>	<b>32.6%</b>	<b>32.2%</b>	<b>4 996.8</b>	<b>5 996.7</b>	<b>6 542.2</b>	<b>22.6%</b>	<b>37.9%</b>
Buildings and other fixed structures	1 290.7	2 285.2	3 321.7	3 642.1	3 442.1	38.7%	30.7%	4 909.5	5 916.8	6 457.9	23.3%	37.2%
Machinery and equipment	225.6	66.6	67.2	100.3	100.3	-23.7%	1.4%	81.2	74.0	78.2	-8.0%	0.6%
Software and other intangible assets	7.4	20.1	8.9	7.6	7.6	0.9%	0.1%	6.2	5.9	6.1	-6.9%	0.0%
<b>Payments for financial assets</b>	<b>5.6</b>	<b>25.4</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7 023.7</b>	<b>8 164.9</b>	<b>8 641.5</b>	<b>10 375.6</b>	<b>9 895.6</b>	<b>12.1%</b>	<b>100.0%</b>	<b>12 480.3</b>	<b>16 084.2</b>	<b>17 199.9</b>	<b>20.2%</b>	<b>100.0%</b>

## Personnel information

**Table 38.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual 2012/13			Revised estimate 2013/14			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	2014/15			2015/16			2016/17					
Water Affairs		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2013/14 - 2016/17		
Salary level	4 261	219	3 853	1 028.5	0.3	3 994	1 164.6	0.3	4 350	1 362.9	0.3	4 350	1 435.9	0.3	4 365	1 519.5	0.3	3.0%	100.0%
1 – 6	1 922	187	1 758	230.2	0.1	1 881	278.8	0.1	1 771	310.4	0.2	1 771	335.1	0.2	1 771	347.1	0.2	-2.0%	42.2%
7 – 10	1 619	28	1 485	403.8	0.3	1 492	455.3	0.3	1 821	550.1	0.3	1 821	573.2	0.3	1 822	611.4	0.3	6.9%	40.8%
11 – 12	559	3	459	271.5	0.6	478	285.5	0.6	592	350.3	0.6	592	366.1	0.6	606	391.1	0.6	8.2%	13.3%
13 – 16	161	1	144	111.7	0.8	143	127.8	0.9	166	152.2	0.9	166	161.5	1.0	166	170.0	1.0	5.1%	3.8%
Other	–	–	7	11.3	1.6	–	17.1	–	–	–	–	–	–	–	–	–	–	–	–

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing regional bulk infrastructure for water and wastewater treatment works which link water sources to local government infrastructure. This is done through contributions to the infrastructure build programme in the *Regional Implementation and Support* and the *Water Infrastructure Management* subprogramme. Over the MTEF period, expenditure in the *Regional Implementation and Support* programme, specifically on payments for capital assets, is expected to increase significantly as a result of an additional allocation of R934 million to implement regional bulk water and wastewater projects. These projects include the construction of the De Hoop Dam's regional bulk distribution, Sedibeng bulk water supply, and the OR Tambo district municipality regional bulk water and wastewater infrastructure. In addition, spending on the municipal water infrastructure grant, which was introduced in 2013/14, is expected to increase from R603 million in 2013/14 to R2.8 billion in 2016/17. The grant is earmarked for specific projects to eradicate backlogs in water and sanitation infrastructure, particularly within the 24 priority district municipalities identified through Census 2011's enumeration of backlogs per poor household per municipality.

The department will also transfer R2.6 billion in 2014/15, R3.7 billion in 2015/16 and R4 billion in 2016/17 to the water trading entity through the *Water Infrastructure Management* programme. The bulk of this funding will be used on the bulk distribution system of the De Hoop Dam and the dam safety rehabilitation programme. The transfers include additional allocations of R264 million in 2015/16 and R430 million in 2016/17 for the presidential infrastructure coordinating commission project for the construction of a new dam on the Umzimvubu River in Eastern Cape.

The 2014 Budget includes Cabinet approved budget reductions of R55 million in 2014/15, R20 million in 2015/16 and R50 million in 2016/17 to the department's allocation. The department is to effect the reductions mainly in spending on compensation of employees and various items of expenditure on goods and services, such as communication, travel and subsistence, and consultants. These reductions are not expected to have a negative impact on service delivery.

At the end of November 2013, the department had a funded establishment of 4 261 posts, with 219 additional to the establishment and 491 vacant. The vacancies were due to the difficulty experienced in attracting people with the critical and scarce skills necessary to perform vital tasks, which is why the department uses consultants when required. Thus spending on consultants, which fluctuated between 2010/11 and 2013/14, is expected to increase from R362.3 million in 2014/15 to R477.9 million in 2016/17. The department expects to reduce vacancies to 115 posts in 2016/17 as it implements the organisational restructuring over the MTEF period, which explains the anticipated increase in spending on compensation of employees over the period.

### Infrastructure spending

#### *Mega infrastructure projects*

The **Olifants River water resources development project** comprises the construction of the De Hoop Dam

and the bulk raw water distribution systems. The project will deliver water for domestic and industrial use in the Greater Sekhukhune, Waterberg and Capricorn district municipalities in Limpopo. The project will benefit more than 800 000 people in the domestic sector. The construction of the dam began in 2007 and R3.2 billion has been spent up to 2013/14. The dam was commissioned at the beginning of 2013/14, with site clearance expected to take place by the beginning of 2014/15.

The department has begun to implement phase 2C, which entails the construction of a pipeline from De Hoop Dam to Steelpoort, including the Steelpoort pumping station, which will pump water through existing infrastructure to the Mooihoek water treatment works. The construction of the distribution system began in 2011/12. R1.9 billion has been spent up to 2013/14 and R1.2 billion is allocated over the MTEF period. Phases 2B and 2D will be advanced over the MTEF period and are scheduled to be completed by 2020.

**Phase 1 and Phase 2A of the Mokolo and Crocodile River west water augmentation project** aims to deliver water to meet South Africa's future energy needs in the Waterberg coal fields and the Mpumalanga highveld. Water requirements in the Waterberg coal fields in Limpopo are expected to increase over the next 20 years. The project is expected to be commercially viable as all costs get recovered from water users, except for a municipal portion of about 10 per cent. The Minister of Water Affairs has directed the Trans-Caledon Tunnel Authority to secure funding and implement the project. Funding will be repaid through revenues from the sale of water delivered to the users.

Phase 2 of the project includes a diversion weir and associated low lift pump station on the Crocodile River at Vlieëpoort, near Thabazimbi. This phase of the project also includes removing silt and balancing storage facilities from where a high lift pump station will eventually feed 100 million cubic metres of water per year to the demand centres in the Lephhalale and Steenbokpan areas. This infrastructure will connect to the infrastructure built in phase 1. The total estimated cost of the phase 2A and 3 of the project is R13.9 billion, of which R772.9 million is to be spent over the MTEF period. Off budget sources are used to fund about 11 per cent of the system and phase 2A is scheduled for commissioning in 2019/20.

The **dam safety rehabilitation project** ensures the continued structural and operational safety of the 316 dams owned by the department in order to comply with dam safety regulations. The project has an estimated cost of R2.8 billion, of which R1.8 billion has been spent up to 2013/14. An additional R1 billion has been allocated over the MTEF period.

The **raising of Clanwilliam Dam project** will make the dam safer during floods, stabilise dam distortion caused by alkali aggregate reaction, provide an additional yield of 70 million cubic metres of water per year, and help under resourced, poor farmers promote food security and employment. The dam is located in the middle reaches of the Olifants River near Clanwilliam in Western Cape. The project is expected to create 2 500 permanent jobs in the agricultural sector. During the construction phase, the project will create 650 temporary jobs. The total estimated budget for the project is R2.2 billion, with R1.8 billion to be spent over the MTEF period. The project budget has increased since 2012/13 due to cost adjustments made due to the delays in finalising the design and changes in the scope of work. The project is at the start of the planning and design stage, with construction of the N7 re-alignment having started in October 2013. The project is scheduled for completion by 2018.

The **Pilanesberg north and south water supply project** is estimated to cost R771.3 million and was introduced as a direct result of the bulk water demands of mines developing around the Pilanesberg area, as well as identified domestic water needs within the Moses Kotane, Rustenburg and Thabazimbi local municipalities. A joint venture between the Magalies Water Board, mines in the area and the local municipalities, the project makes each party responsible for its pro-rata share of project costs based on the water allocation to each participating party. The project consists of upgrading the water treatment works at Vaalkop Dam, various bulk water pipelines, pump stations and storage facilities for both the north and south schemes. The portion of the project funded from the department's budget is scheduled for completion in 2015/16.

With a total project cost of R734 million, the **Taung Dam water supply scheme** in North West will augment bulk water supply to settlements in the Naledi local municipality and the Greater Taung local municipality within the Dr Ruth Segomotsi Mompati district municipality, which is the relevant water services authority. The project is comprised of various phases, with completion of the first phase in 2011. The final intended completion date of the project is 2016. Water from the dam will reduce reliance on the Vaalharts irrigation scheme and lower the cost to users. In 2010, the Taung Dam water supply scheme served a total combined

population of 186 139 and projections estimate that it will serve a population of 217 429 by the year 2030. The total water demand for the Greater Taung area to be supplied from the Taung Dam is 16 megalitres per day, while that for the Naledi local municipality is 17.3 megalitres per day.

With a total cost of R674 million, the **Pongolapoort bulk water scheme** is located within the Jozini local municipality in northern KwaZulu-Natal's Umkhanyakude district municipality. The project's proposed water supply area extends from Jozini in the south to the boundaries of the Shemula water supply scheme to the north, supplying the town of Ingwavuma and communities along the Lebombo mountain range on the border between KwaZulu-Natal and Swaziland. The residents of this area currently do not have a reliable, sustainable, potable water supply. The first phase of the project has been completed and serves a population of 50 706. Once completed by 2016, the population served by the project is estimated to increase to 94 328 by 2029.

With a total project cost of R530 million, the primary purpose of the **Namakwa replacement project** in Northern Cape is the provision of sustainable bulk potable water services to the towns of Steinkopf, Bulletrap, Nababeep, O'Kiep, Carolusberg, Concordia, Springbok, the De Beers mining operation and the settlement of Kleinsee in the Namaqualand region of the Northern Cape. The area is large, sparsely populated and characterised by water scarcity, requiring that water services provided to small towns spread over a vast area with a total population of approximately 62 000 people. The infrastructure in the area is in a poor condition and much of it has reached the end of its useful economic life. There is thus an urgent need to refurbish and replace key components of the water supply infrastructure to ensure that the infrastructure continues to provide reliable bulk services to the communities that it serves.

The **Ndlambe regional bulk water supply** in Eastern Cape has a total project cost of R879 million and is to serve the Ndlambe local municipality, where development cannot take place due to a lack of bulk water services infrastructure. Characterised by rivers with high salinity and brackish water, the municipality has areas that are currently supplied from boreholes, which are also often saline and brackish, and cannot supply peak demand. The objective of the regional bulk pipeline is to augment water supply to these communities.

The **Mbizana regional bulk water supply project** in Eastern Cape has a total project cost of R780 million, of which R242.9 million has been spent to date. The project aims to improve the bulk water supply of the 41 321 households and other users in the Greater Mbizana area, which is part of the Mbizana local municipality, located in the OR Tambo district municipality in the Eastern Cape. Currently, the sources of bulk water supply for the local municipality are not able to meet the immediate and long term bulk water needs of the Greater Mbizana area as groundwater yields are low and the current capacity at the Mbizana Dam is limited. The local municipality also has significant backlogs in the provision of water and sanitation. The regional bulk water supply scheme project will provide a new water resource, added treatment capacity and a bulk water distribution system within the area. This will ultimately eradicate the water backlogs in the area and aid in the eradication of sanitation backlogs. The scheme consists of three key components: the Nomlacu water treatment works, a raw water supply system, and bulk potable water distribution. The scheme will be completed by 2018.

The **raising of Tzaneen Dam and the construction of the new Nwamitwa Dam for the Groot Letaba River development project** aim to augment the supply of water to meet the growing demand from the domestic sector in Limpopo by 2025, improve water availability in the riverine ecosystem and stabilise water availability to the irrigation sector. The project is estimated to cost R1.5 billion, R858 million of which is allocated over the MTEF period. The commissioning of the Tzaneen Dam is scheduled for August 2017, while the Nwamitwa Dam is set to be commissioned in November 2019. Both projects have been delayed by approximately 12 months due to the delays in issuing environmental authorisations and gazetting.

#### Large infrastructure projects

The **Nandoni water treatment works and distribution networks** project will augment the water supply to the Vhembe district municipality in Limpopo. The total value of the project is estimated at R1.8 billion, R1.3 billion of which has been spent up to 2013/14 and R23.4 million of which will be spent in 2014/15. The construction began in 2006/07 and commissioning is scheduled for 2014/15.

The **Nandoni Pipeline project** aims to convey water for domestic use to the Vhembe district municipality in Limpopo. The construction of the project began in 2006/07 and the project was completed in 2013/14 and will be commissioned early in 2014/15. The total value of the project is estimated at R750 million, of which R735 million has been spent up to 2012/13. R15 million is allocated in 2013/14 for retention fees.

The **Mzimvubu water project** aims to augment the supply of water to meet the growing demand from the domestic sector in Eastern Cape by 2021. The project will be built as a conjunctive scheme involving a water supply dam at Ntabelanga and a hydropower scheme at Lalen. Subsequent works and funding arrangements for the Lalen hydropower scheme will be implemented following detailed planning work to be carried out with the Department of Energy and Eskom. The project size and features are to be confirmed in a feasibility study, however, the water project component is estimated at R8 billion, with R694 million allocated over the MTEF period.

#### Small infrastructure projects

Over the medium term, 145 small infrastructure projects will be implemented, of which 73 are in the construction phase, 20 are in the design and tender phases, and 52 projects are in the feasibility study phase. These projects aim to develop bulk water and wastewater infrastructure that will enable the connection of municipal reticulation infrastructure. The total value of these projects over the MTEF period is estimated at R5.2 billion.

## Departmental receipts

Table 38.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
<b>Departmental receipts</b>	<b>33 119</b>	<b>85 637</b>	<b>26 015</b>	<b>24 678</b>	<b>29 358</b>	<b>-3.9%</b>	<b>100.0%</b>	<b>25 557</b>	<b>26 582</b>	<b>26 734</b>	<b>-3.1%</b>	<b>100.0%</b>
<b>Sales of goods and services produced by department</b>	<b>1 778</b>	<b>7 620</b>	<b>2 964</b>	<b>4 657</b>	<b>1 936</b>	<b>2.9%</b>	<b>8.2%</b>	<b>4 630</b>	<b>4 764</b>	<b>5 313</b>	<b>40.0%</b>	<b>15.4%</b>
Sales by market establishments	1 067	7 001	1 340	1 120	1 105	1.2%	6.0%	1 150	1 175	1 120	0.5%	4.2%
of which:												
Dwellings	888	6 836	1 161	950	950	2.3%	5.6%	990	1 000	950	-	3.6%
Rental parking: Covered and open	179	165	179	170	155	-4.7%	0.4%	160	175	170	3.1%	0.6%
Administration fees	30	30	25	10	26	-4.7%	0.1%	15	16	18	-11.5%	0.1%
of which:												
Transport fees	1	1	1	1	-	-100.0%	-	1	1	1	-	-
Replacement of security guards	2	2	2	4	-	-100.0%	-	4	3	4	-	-
Maps	17	14	10	5	12	-11.0%	-	10	12	13	2.7%	-
Sale: Water potable	10	13	12	-	14	11.9%	-	-	-	-	-100.0%	-
Other sales	681	589	1 599	3 527	805	5.7%	2.1%	3 465	3 573	4 175	73.1%	11.1%
of which:												
Rental: Capital assets	15	-	15	15	15	-	-	20	23	25	18.6%	0.1%
Departmental publication	16	-	1	12	240	146.6%	0.1%	-	-	-	-100.0%	0.2%
Commission insurance	650	589	1 587	800	550	-5.4%	1.9%	595	600	700	8.4%	2.3%
Photocopies and faxes	-	-	32	2 400	-	-	-	2 500	2 550	3 000	-	7.4%
Service rendered: Private boarding	-	-	(36)	300	-	-	-	350	400	450	-	1.1%
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>32</b>	<b>-</b>	<b>45</b>	<b>21</b>	<b>37</b>	<b>5.0%</b>	<b>0.1%</b>	<b>17</b>	<b>18</b>	<b>21</b>	<b>-17.2%</b>	<b>0.1%</b>
of which:												
Scrap	29	-	42	19	34	5.4%	0.1%	15	16	18	-19.1%	0.1%
Waste paper	3	-	3	2	3	-	-	2	2	3	-	-
<b>Interest, dividends and rent on land</b>	<b>3 420</b>	<b>4 176</b>	<b>(558)</b>	<b>8 000</b>	<b>3 140</b>	<b>-2.8%</b>	<b>5.8%</b>	<b>2 910</b>	<b>2 800</b>	<b>2 400</b>	<b>-8.6%</b>	<b>10.4%</b>
Interest	3 420	4 176	(558)	8 000	3 140	-2.8%	5.8%	2 910	2 800	2 400	-8.6%	10.4%
<b>Sales of capital assets</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions in financial assets and liabilities</b>	<b>27 889</b>	<b>73 829</b>	<b>23 564</b>	<b>12 000</b>	<b>24 245</b>	<b>-4.6%</b>	<b>85.9%</b>	<b>18 000</b>	<b>19 000</b>	<b>19 000</b>	<b>-7.8%</b>	<b>74.1%</b>
<b>Total</b>	<b>33 119</b>	<b>85 637</b>	<b>26 015</b>	<b>24 678</b>	<b>29 358</b>	<b>-3.9%</b>	<b>100.0%</b>	<b>25 557</b>	<b>26 582</b>	<b>26 734</b>	<b>-3.1%</b>	<b>100.0%</b>

## Programme 1: Administration

### Subprogrammes

- *Ministry* provides support to the minister and deputy minister, and provides for their salaries. The support function entails advising the minister and deputy minister on policy matters, organising public participation programmes, dealing with appeals in terms of grievance procedures, attending to administrative and logistical needs, processing the department's submissions, and supporting the minister and deputy minister

on Cabinet and parliamentary matters. Key activities in 2013/14 included liaising with constituencies and participating in international programmes and parliamentary programmes. This subprogramme had a full time staff complement of 35 in 2013/14.

- *Departmental Management* provides administrative support to the director general and secretariat services to the department, and makes provisions for salaries and other costs associated with the office of the director general. This entails tracking submissions, facilitating governance structure meetings chaired by the minister, director general and chief operating officer, coordinating parliamentary responses, preparing for cluster meetings, business planning, reporting on performance, and implementing transformation projects. In 2013/14, the following reports were finalised: annual report, quarterly reports, the strategic plan and draft annual performance plan. The programme management unit is in the process of being established and is set to be operational by 1 April 2014. This subprogramme had a full time staff complement of 30 in 2013/14.
- *Internal Audit* provides independent, objective assurance and advisory services designed to add value and improve the department's operations. This entails involvement in 84 various projects, such as conducting audits to evaluate the integrity of financial and operational information, verifying asset management procedures, special investigations, and assessing compliance with laws and regulations. In 2013/14, a three-year implementation plan was approved by the audit committee. This subprogramme had a full time staff complement of 32 in 2013/14.
- *Corporate Services* provides administrative support to the department and is made up of the human resources, communication services, legal services, administration and information services units. In 2013/14, R12.7 million was transferred to the learning academy for student bursaries in science and engineering and R2.5 million was transferred to the Energy Sector Education and Training Authority. In that year, 55 students qualified and 60 new bursaries were awarded. Over the medium term, the focus is on developing and recruiting specialised skills, especially engineers and scientists. In 2013/14, 214 candidates were registered and 185 candidates were placed into permanent posts. This subprogramme had a full time staff complement of 635 in 2013/14.
- *Financial Management* ensures the efficient management of daily financial operations, processes and systems. In 2012/13, a procurement supplier database was implemented to meet the procurement needs of the department and to address the qualified external audit and to enable the department to rotate suppliers as required. An agreement has been signed with the Department of Trade and Industry regarding verification of suppliers. In 2013/14, the process of establishing and improving systems of internal control within the department and regional offices was under way. A service level agreement has been signed for contract management with a service provider and will be implemented on 1 April 2014 in an effort to improve contract administration in the department. This subprogramme had a full time staff complement of 263.
- *Office Accommodation* makes payments for rental charges on all leased office space occupied by the department, as well as for municipal services such as electricity, water, and sewage and waste removal. This subprogramme has no staff.

## Expenditure estimates

**Table 38.5 Administration**

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Ministry	32.6	48.5	47.1	42.2	9.0%	5.0%	49.5	50.6	63.2	14.4%	4.7%
Departmental Management	65.7	63.9	78.0	44.7	-12.0%	7.4%	53.1	45.5	57.7	8.9%	4.6%
Internal Audit	18.4	19.5	16.9	24.7	10.2%	2.3%	26.4	28.1	39.5	17.0%	2.7%
Corporate Services	422.9	354.4	343.7	382.5	-3.3%	43.8%	431.5	451.0	474.5	7.4%	39.6%
Financial Management	92.8	90.1	108.5	141.8	15.2%	12.6%	154.1	180.3	250.9	21.0%	16.5%
Office Accommodation	194.1	205.2	249.3	342.7	20.9%	28.9%	311.8	363.6	383.9	3.9%	31.9%
<b>Total</b>	<b>826.5</b>	<b>781.5</b>	<b>843.4</b>	<b>978.6</b>	<b>5.8%</b>	<b>100.0%</b>	<b>1 026.4</b>	<b>1 119.1</b>	<b>1 269.7</b>	<b>9.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			(41.6)	(7.1)	(4.2)		

Table 38.5 Administration

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Current payments</b>	<b>798.6</b>	<b>744.0</b>	<b>803.7</b>	<b>946.3</b>	<b>5.8%</b>	<b>96.0%</b>	<b>987.9</b>	<b>1 078.3</b>	<b>1 226.8</b>	<b>9.0%</b>	<b>96.5%</b>
Compensation of employees	234.2	262.2	292.5	332.4	12.4%	32.7%	362.4	383.1	408.1	7.1%	33.8%
Goods and services	564.2	481.0	510.6	613.9	2.8%	63.3%	625.5	695.2	818.7	10.1%	62.7%
of which:											
Consultants and professional services: Business and advisory services	22.6	31.2	33.6	57.8	36.7%	4.2%	19.6	11.6	77.3	10.2%	3.8%
Consultants and professional services: Infrastructure and planning	–	0.3	–	–	–	–	–	–	–	–	–
Operating leases	196.6	181.2	–	1.2	-81.6%	11.1%	262.8	297.9	313.8	534.7%	19.9%
Travel and subsistence	36.4	41.9	42.1	30.1	-6.2%	4.4%	39.4	39.9	51.0	19.3%	3.7%
Interest and rent on land	0.2	0.9	0.7	0.1	-24.8%	0.1%	–	–	–	-100.0%	–
Transfers and subsidies	<b>4.9</b>	<b>15.5</b>	<b>19.8</b>	<b>16.3</b>	<b>49.1%</b>	<b>1.6%</b>	<b>17.2</b>	<b>18.0</b>	<b>18.9</b>	<b>5.0%</b>	<b>1.6%</b>
Provinces and municipalities	0.3	0.0	0.0	–	-100.0%	–	–	–	–	–	–
Departmental agencies and accounts	0.9	1.2	1.1	2.5	38.3%	0.2%	2.6	2.8	2.9	5.1%	0.2%
Non-profit institutions	–	–	0.5	0.7	–	–	0.9	0.9	0.9	6.7%	0.1%
Households	3.6	14.3	18.2	13.1	53.2%	1.4%	13.7	14.3	15.1	4.9%	1.3%
Payments for capital assets	<b>17.3</b>	<b>21.9</b>	<b>19.5</b>	<b>16.0</b>	<b>-2.7%</b>	<b>2.2%</b>	<b>21.3</b>	<b>22.8</b>	<b>24.0</b>	<b>14.6%</b>	<b>1.9%</b>
Buildings and other fixed structures	–	1.6	0.9	–	–	0.1%	–	–	–	–	–
Machinery and equipment	13.9	8.8	13.4	12.4	-3.9%	1.4%	17.5	18.5	19.4	16.3%	1.5%
Software and other intangible assets	3.4	11.5	5.3	3.6	1.7%	0.7%	3.8	4.3	4.6	8.2%	0.4%
Payments for financial assets	<b>5.6</b>	<b>0.0</b>	<b>0.3</b>	<b>–</b>	<b>-100.0%</b>	<b>0.2%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>826.5</b>	<b>781.5</b>	<b>843.4</b>	<b>978.6</b>	<b>5.8%</b>	<b>100.0%</b>	<b>1 026.4</b>	<b>1 119.1</b>	<b>1 269.7</b>	<b>9.1%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>11.8%</b>	<b>9.6%</b>	<b>9.8%</b>	<b>9.4%</b>			<b>8.2%</b>	<b>7.0%</b>	<b>7.4%</b>		

## Details of selected transfers and subsidies

Households											
<b>Other transfers to households</b>											
<b>Current</b>	–	–	<b>14.1</b>	<b>12.7</b>	–	<b>0.8%</b>	<b>13.3</b>	<b>13.9</b>	<b>14.6</b>	<b>5.0%</b>	<b>1.2%</b>
Bursaries for non-employees	–	–	14.1	12.7	–	0.8%	13.3	13.9	14.6	5.0%	1.2%

## Personnel information

Table 38.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13	Unit Cost	2013/14	Unit Cost	2014/15	Unit Cost	2015/16	Unit Cost	2016/17	Unit Cost	2013/14 - 2016/17						
Administration	1 122	54	1 005	292.5	0.3	995	312.3	0.3	1 122	362.4	0.3	1 122	383.1	0.3	1 122	408.1	0.4	4.1%	100.0%
1 – 6	518	50	500	78.1	0.2	494	93.7	0.2	518	102.3	0.2	518	108.9	0.2	518	117.8	0.2	1.6%	47.0%
7 – 10	439	4	373	114.4	0.3	374	108.3	0.3	439	141.1	0.3	439	148.8	0.3	439	158.2	0.4	5.5%	38.8%
11 – 12	107	–	78	45.7	0.6	79	47.1	0.6	107	62.4	0.6	107	65.7	0.6	107	69.2	0.6	10.6%	9.2%
13 – 16	58	–	47	42.9	0.9	48	46.2	1.0	58	56.6	1.0	58	59.7	1.0	58	62.9	1.1	6.5%	5.1%
Other	–	–	7	11.3	1.6	–	17.1	–	–	–	–	–	–	–	–	–	–	–	–

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on maximising organisational efficiencies and strengthening internal and financial controls by providing administrative and financial management support to the department and seeing to its office accommodation needs. Thus the bulk of the programme's budget over the MTEF period is allocated to the *Corporate Services*, *Financial Management* and *Office Accommodation* subprogrammes for spending on compensation of employees, operating leases and property payments, computer services, consultants and contractors.

Spending in the *Corporate Services* subprogramme is expected to increase from R382.5 million in 2013/14 to R474.5 million in 2016/17 due to the transfer of the transformation management function from the

*Departmental Management* subprogramme. The significant increase in spending on contractors projected over the medium term is due to the department's plans to host the National Youth Water Summit and the Women in Water Awards, while the increase in spending on consultants projected over the same period provides for specialised knowledge and skills in legal, financial and information technology processes required to improve departmental performance and service delivery objectives.

The department expects to hire additional office space for the support staff of the deputy minister in 2015/16. This, together with an anticipated increase in rental costs, is expected to increase spending in the *Office Accommodation* subprogramme from that year. In 2013/14, property payments were shifted to operating lease payments, resulting in a shift of spending between these two items over the medium term.

Between 2010/11 and 2012/13, the department created an internal control directorate and restructured the internal audit unit to include three additional directorates to ensure that efficient systems of control were in place and to strengthen the system of financial management. As a result, spending in the *Financial Management* and *Internal Audit* subprogrammes over the seven-year period grows significantly. Additional staff will be appointed over the medium term, which accounts for the projected increase in spending on compensation of employees and goods and services, particularly rental costs and computer services. At the end of November 2013, the programme had an establishment of 1 122 funded posts and 54 posts additional to the establishment, of which 995 posts were filled and 127 were vacant due to promotions within the department and the high turnover rate.

## Programme 2: Water Sector Management

### Objectives

- Ensure that water resources are managed sustainably and that funding is raised for refurbishing existing water infrastructure, by gazetting the final water pricing strategy in 2014/15.
- Monitor the national water resource strategy implementation and improve the monitoring of water resources in order to respond and adapt to the impact of climate change, by optimising the water monitoring network by 2016/17.
- Ensure the equitable allocation of water resources for social and economic development by implementing water allocation reform and completing compulsory licensing in 2 catchment areas: Mhlathuze in 2014/15 and Limpopo in 2016/17.
- Ensure that available water is used efficiently by implementing water conservation and demand management programmes, including sector awareness and mobilisation on an ongoing basis over the MTEF period.
- Maintain a reliable and equitable supply of water over the medium term by:
  - developing reconciliation strategies for the Richards Bay, Luvuvhu-Letaba, Orange and Limpopo North water management areas
  - completing 2 feasibility plans for water resource development projects for the Umzimvubu and Western Cape water supply systems
  - developing groundwater resources and optimisation usage.
- Strengthen the regulatory function through improved regulations for water services provision and water resource development by revising and submitting the Water Services Amendment Bill and National Water Bill to Parliament by 2013/14 and finalising the legislative review by 2015/16, leading to a single water act.
- Improve the efficiency and effectiveness of the delivery of water by strengthening the capacity of water institutions to discharge their obligations through the finalisation of an institutional realignment framework over the MTEF period.
- Ensure the efficient use and protection of water resources by:
  - setting the final resource quality objectives for the Upper Vaal and Lower Vaal by 2014/15 and two other significant river systems for the year 2015/16
  - completing a national integrated water information system by 2016/17
  - developing the integrated water quality management strategy.

## Subprogrammes

- *Policy and Planning Management and Support* oversees the overall management and oversight of the programme by ensuring effective and efficient operation of the office of the deputy director general. This entails business planning and overall monitoring of the programme. The deputy director general was appointed in September 2013. This subprogramme had a staff complement of 6 in 2013/14.
- *Integrated Planning* develops comprehensive plans that guide infrastructure development, systems and services management in the water sector. This entails preparing reconciliation strategies, drafting feasibility plans, compiling the integrated hydrological plan, undertaking options analyses and macro planning. In 2012/13, 4 reconciliation strategies were completed. Over the medium term, the focus will be on developing reconciliation strategies for the Richards Bay, Luvuvhu-Letaba, Orange and Limpopo-North water management areas, as well as completing 2 feasibility plans of the uMzimvubu and Western Cape water supply systems. This subprogramme had a staff complement of 99 in 2013/14.
- *Policy and Strategy* develops, maintains, monitors and reviews the implementation of water sector policy to ensure reliable and equitable water supply and services. In 2012/13, the draft of the second iteration of the national water resources strategy was gazetted for public consultation. The strategy was approved by Cabinet in 2013/14 for implementation and the review of national water policy positions were gazetted for consultation. This subprogramme had a staff complement of 11 in 2013/14.
- *Water Services and Local Water Management* entails the formulation and development of strategies, guidelines and plans for water services and management of water at local level. The function ensures that all people in South Africa have access to effective sustainable and affordable water services through policy and legislative framework, information and planning, support as well as monitoring, evaluation and reporting. In 2012/13, the first order national water services master plans were developed. In 2013/14, 1 national and 9 provincial water services perspectives, incorporating the 24 priority district municipality perspectives, were developed. This subprogramme had a staff complement of 51 in 2013/14.
- *Water Ecosystem* develops and implements measures to protect water resources. This entails determining resource direct measures by classifying water resource systems, determining reserves, conducting resource quality assessments and determining resource directed measures by developing pollution control guidelines, rehabilitation measures and protocols. In 2012/13, a draft Olifants-Doorn resource quality objectives report was prepared for public consultation and a gap analysis report for Olifants-Doorn was produced. In 2013/14, the Olifants-Doorn resource quality objectives will be gazetted. Over the medium term, the focus will be on classifying the water resources and setting resource quality objectives for four significant river systems. This subprogramme had a staff complement of 34 in 2013/14.
- *Water Information Management* ensures the development and maintenance of systems and programmes for data and information acquisition and management; builds the knowledge base on all aspects of water; and coordinates and audits policy implementation by the department, catchment management agencies and other water management institutions or agencies operating under the auspices of national water policy and legislation. In 2012/13, the annual report on the state of water 2011/12 and the business case for the national integrated information system were finalised. In 2013/14, the national integrated information system prototype was developed. This subprogramme had a staff complement of 183 in 2013/14.
- *Institutional Oversight* involves institutional governance and oversight of all water institutions, and facilitates their establishment and development. This entails providing institutional support, establishing catchment management agencies and rendering advisory services oversight. In 2012/13, the review of the raw water pricing strategy was initiated. In 2013/14, the review was gazetted for public consultation and the main focus was on establishing business cases for the five catchment management agencies, which were submitted to the National Treasury for listing as entities under the Public Finance Management Act (1999). Five catchment management agencies were gazetted for consultation in 2013/14 (Limpopo, Pongola-Mzimkhulu, Breede-Gouritz, Inkomati-Usuthu and Olifants) and R51.8 million was transferred to the agencies. This subprogramme had a staff complement of 37 in 2013/14.
- *Water Use Authorisation Enabling* is aimed at enabling all authorisation and allocation of water through coordination and development systems and processes to support cross-cutting licensing activities. This newly created subprogramme will begin operating in 2014/15.

## Expenditure estimates

Table 38.7 Water Sector Management

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Policy and Planning Management and Support	3.3	3.4	3.4	5.1	15.1%	0.8%	6.3	6.6	7.1	11.4%	1.0%
Integrated Planning	100.2	137.2	137.7	141.9	12.3%	26.5%	159.0	162.8	170.7	6.4%	26.2%
Policy and Strategy	17.7	6.4	6.2	15.5	-4.3%	2.3%	21.5	23.3	24.4	16.2%	3.5%
Water Services and Local Water Management	40.8	59.1	46.0	65.6	17.2%	10.8%	68.6	72.2	75.4	4.7%	11.6%
Water Ecosystem	26.8	35.6	32.1	39.1	13.3%	6.8%	65.3	69.6	74.5	24.0%	10.3%
Water Information Management	144.3	160.7	157.4	154.3	2.2%	31.6%	222.3	228.1	258.7	18.8%	35.6%
Institutional Oversight	90.6	109.5	117.7	95.9	1.9%	21.2%	51.0	52.2	74.8	-7.9%	11.3%
Water Use Authorisation and Enabling	-	-	-	-	-	-	3.7	4.1	4.3	-	0.5%
<b>Total</b>	<b>423.9</b>	<b>511.8</b>	<b>500.5</b>	<b>517.4</b>	<b>6.9%</b>	<b>100.0%</b>	<b>597.8</b>	<b>618.9</b>	<b>689.9</b>	<b>10.1%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				1.0			-	(0.1)	(0.0)		

## Economic classification

<b>Current payments</b>	<b>330.2</b>	<b>355.9</b>	<b>373.3</b>	<b>426.7</b>	<b>8.9%</b>	<b>76.1%</b>	<b>552.5</b>	<b>582.4</b>	<b>651.8</b>	<b>15.2%</b>	<b>91.3%</b>
Compensation of employees	139.3	149.1	164.1	191.2	11.1%	33.0%	238.5	252.8	277.6	13.2%	39.6%
Goods and services	190.9	206.6	208.5	235.5	7.3%	43.1%	314.0	329.6	374.3	16.7%	51.7%
<i>of which:</i>											
<i>Consultants and professional services: Business and advisory services</i>	12.4	3.5	22.8	23.1	23.1%	3.2%	48.5	49.0	70.9	45.3%	7.9%
<i>Consultants and professional services: Infrastructure and planning</i>	108.1	93.0	92.3	117.0	2.7%	21.0%	137.4	141.4	147.6	8.1%	22.4%
<i>Operating leases</i>	0.5	0.5	0.1	0.5	-1.6%	0.1%	2.0	2.2	2.3	67.2%	0.3%
<i>Travel and subsistence</i>	24.7	25.1	29.5	24.6	-0.1%	5.3%	34.3	36.4	43.1	20.6%	5.7%
<i>Interest and rent on land</i>	0.1	0.2	0.7	-	-100.0%	0.1%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>50.5</b>	<b>54.2</b>	<b>86.1</b>	<b>51.8</b>	<b>0.9%</b>	<b>12.4%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-91.9%</b>	<b>2.1%</b>
Departmental agencies and accounts	39.4	52.9	36.4	51.8	9.5%	9.2%	-	-	-	-100.0%	2.1%
Public corporations and private enterprises	9.7	-	49.4	-	-100.0%	3.0%	-	-	-	-	-
Households	1.4	1.3	0.3	-	-100.0%	0.2%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>43.1</b>	<b>76.3</b>	<b>41.1</b>	<b>38.8</b>	<b>-3.5%</b>	<b>10.2%</b>	<b>45.2</b>	<b>36.4</b>	<b>38.1</b>	<b>-0.6%</b>	<b>6.5%</b>
Buildings and other fixed structures	33.5	64.9	29.4	28.2	-5.6%	8.0%	28.5	30.9	32.5	4.8%	5.0%
Machinery and equipment	5.7	7.9	8.1	7.9	11.7%	1.5%	16.2	5.0	5.0	-14.2%	1.4%
Software and other intangible assets	3.9	3.5	3.6	2.7	-12.1%	0.7%	0.5	0.5	0.6	-40.7%	0.2%
<b>Payments for financial assets</b>	<b>-</b>	<b>25.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>423.9</b>	<b>511.8</b>	<b>500.5</b>	<b>517.4</b>	<b>6.9%</b>	<b>100.0%</b>	<b>597.8</b>	<b>618.9</b>	<b>689.9</b>	<b>10.1%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>6.0%</b>	<b>6.3%</b>	<b>5.8%</b>	<b>5.0%</b>			<b>4.8%</b>	<b>3.8%</b>	<b>4.0%</b>		

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>39.4</b>	<b>52.9</b>	<b>36.4</b>	<b>51.8</b>	<b>9.5%</b>	<b>9.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>2.1%</b>
Inkomati Catchment Management Agency	17.4	34.8	17.4	28.2	17.4%	5.0%	-	-	-	-100.0%	1.2%
Breede-Overberg Catchment Management Agency	22.0	18.1	19.0	23.6	2.4%	4.2%	-	-	-	-100.0%	1.0%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Public corporations - subsidies on products and production</b>											
<b>Current</b>	<b>9.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Namakwa Water Board	9.7	-	-	-	-100.0%	0.5%	-	-	-	-	-
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>49.4</b>	<b>-</b>	<b>-</b>	<b>2.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Rand Water Board	-	-	18.0	-	-	0.9%	-	-	-	-	-
Botshelo Water Board	-	-	31.4	-	-	1.6%	-	-	-	-	-

## Personnel information

**Table 38.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			2013/14 - 2016/17
<b>Water Sector Management</b>																			
Salary level	502	-	393	164.1	0.4	421	191.2	0.5	472	238.5	0.5	472	252.8	0.5	487	277.6	0.6	5.0%	100.0%
1 – 6	97	-	87	16.7	0.2	88	21.3	0.2	94	21.3	0.2	94	22.5	0.2	94	23.9	0.3	2.2%	20.0%
7 – 10	176	-	138	44.7	0.3	153	51.9	0.3	162	64.2	0.4	162	67.9	0.4	163	72.5	0.4	2.1%	34.6%
11 – 12	199	-	144	82.2	0.6	153	90.2	0.6	186	124.1	0.7	186	131.4	0.7	200	148.5	0.7	9.3%	39.1%
13 – 16	30	-	24	20.5	0.9	27	27.8	1.0	30	29.0	1.0	30	31.0	1.0	30	32.7	1.1	3.6%	6.3%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on ensuring the availability of and access to water for environmental and socioeconomic use through planning, developing policies and maintaining data management systems. Thus the bulk of expenditure in this programme will go towards activities in the Water Information Management and Integrated Planning subprogrammes, which perform these activities. Over the medium term, spending on consultants in the Water Information Management subprogramme is set to grow, mainly to provide for the highly specialised engineering and scientific activities and projects, and for software licence and system developments required to maintain monitoring and information systems. Expenditure in the Integrated Planning subprogramme is expected to grow at an average annual rate of 6.4 per cent over the same period in order to develop comprehensive plans to guide the development of the water sector. These plans include reconciliation strategies, which contain comprehensive assessments of the supply and demand of water within catchment areas; recommend appropriate measures to manage any shortfalls; and develop two feasibility plans.

By the end of November 2013, the programme had 502 funded posts, of which 421 were filled and 81 were vacant. The vacancies were due mainly to a reorganisation within the department, which created new posts that were in the process of being filled. As these posts are filled over the medium term, the number of personnel in this programme is expected to increase to 487 by 2016/17. Spending on compensation of employees is expected to increase over the medium term as a result of this increase in personnel numbers, higher salaries for officials on occupation specific dispensation, improved conditions of service and the recruitment of graduate trainees to build capacity within the programme. Spending on travel and subsistence is also expected to increase over this period in line with the filling of vacant posts and due to the travel required for staff to fulfil their work responsibilities.

Previously effected through the Institutional Oversight subprogramme, spending on transfers and subsidies over the medium term is projected to decline, as the department begins to effect transfers for the catchment management agencies through the water trading entity, which is funded through the Water Infrastructure Management programme.

## Programme 3: Water Infrastructure Management

### Objectives

- Ensure the effective and sustainable management of water resources over the medium term by:
  - transferring sufficient funds on a regular basis to the water trading entity for the design, construction, commissioning and rehabilitation of bulk raw water resources infrastructure
  - managing and operating existing bulk raw water infrastructure on a continuous basis.

## Subprogrammes

- *Infrastructure Development and Rehabilitation* provides for the design, construction and commissioning of new water resource infrastructure; and the rehabilitation of existing infrastructure to ensure the safety and functionality of departmental dams and related infrastructure. In 2012/13, R1.9 billion was transferred to the water trading entity to construct, operate and maintain existing and new bulk raw water infrastructure, such as dams, canals and reservoirs. In 2013/14, R2.2 billion was transferred to the water trading entity.
- *Operation of Water Resources* funds expenditure on water resource management activities conducted by the department or catchment management agencies within water management areas. Activities for water management areas include: planning and implementing catchments management strategies; monitoring and assessing water resource availability and use; water use allocations; water quantity management, including flood and drought management, water distribution, control over abstraction, storage and stream flow reduction activities; water resource protection, resource quality management and water pollution control; water conservation and demand management; institutional development; and the facilitation of public participation in making decision about water resources management. In 2012/13, R159 million was transferred to the water trading entity to augment these activities. In 2013/14, the amount increased to R167 million.

## Expenditure estimates

**Table 38.9 Water Infrastructure Management**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17		
R million											
Infrastructure Development and Rehabilitation	1 992.4	2 216.9	2 092.0	2 398.1	6.4%	93.2%	2 755.2	3 875.4	4 211.8	20.7%	95.1%
Operation of Water Resources	140.0	167.1	159.5	167.1	6.1%	6.8%	164.2	175.4	170.7	0.7%	4.9%
<b>Total</b>	<b>2 132.4</b>	<b>2 384.0</b>	<b>2 251.5</b>	<b>2 565.2</b>	<b>6.4%</b>	<b>100.0%</b>	<b>2 919.4</b>	<b>4 050.8</b>	<b>4 382.5</b>	<b>19.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				-			(26.0)	238.0	379.0		
<b>Economic classification</b>											
<b>Transfers and subsidies</b>	<b>2 132.4</b>	<b>2 384.0</b>	<b>2 251.5</b>	<b>2 565.2</b>	<b>6.4%</b>	<b>100.0%</b>	<b>2 919.4</b>	<b>4 050.8</b>	<b>4 382.5</b>	<b>19.5%</b>	<b>100.0%</b>
Departmental agencies and accounts	1 952.4	2 205.0	2 071.5	2 377.2	6.8%	92.2%	2 735.2	3 862.6	4 195.0	20.8%	94.6%
Foreign governments and international organisations	180.0	179.1	180.0	188.0	1.5%	7.8%	184.3	188.2	187.5	-0.1%	5.4%
<b>Total</b>	<b>2 132.4</b>	<b>2 384.0</b>	<b>2 251.5</b>	<b>2 565.2</b>	<b>6.4%</b>	<b>100.0%</b>	<b>2 919.4</b>	<b>4 050.8</b>	<b>4 382.5</b>	<b>19.5%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>30.4%</b>	<b>29.2%</b>	<b>26.1%</b>	<b>24.7%</b>			<b>23.4%</b>	<b>25.2%</b>	<b>25.5%</b>		
<b>Details of selected transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>140.0</b>	<b>167.1</b>	<b>159.5</b>	<b>167.1</b>	<b>6.1%</b>	<b>6.8%</b>	<b>164.2</b>	<b>175.4</b>	<b>170.7</b>	<b>0.7%</b>	<b>4.9%</b>
Water trading entity: Operations and maintenance	140.0	167.1	159.5	167.1	6.1%	6.8%	164.2	175.4	170.7	0.7%	4.9%
<b>Capital</b>	<b>1 812.4</b>	<b>2 037.8</b>	<b>1 912.0</b>	<b>2 210.1</b>	<b>6.8%</b>	<b>85.4%</b>	<b>2 570.9</b>	<b>3 687.2</b>	<b>4 024.3</b>	<b>22.1%</b>	<b>89.8%</b>
Water trading entity: Infrastructure development and rehabilitation	1 812.4	2 037.8	1 912.0	2 210.1	6.8%	85.4%	2 570.9	3 687.2	4 024.3	22.1%	89.8%
<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>180.0</b>	<b>179.1</b>	<b>180.0</b>	<b>188.0</b>	<b>1.5%</b>	<b>7.8%</b>	<b>184.3</b>	<b>188.2</b>	<b>187.5</b>	<b>-0.1%</b>	<b>5.4%</b>
Komati River Basin Water Authority	180.0	179.1	180.0	188.0	1.5%	7.8%	184.3	188.2	187.5	-0.1%	5.4%

## Expenditure trends

The spending focus over the medium term will be on funding the water trading entity's implementation of existing and new water infrastructure projects, the bulk distribution system of the De Hoop Dam, and the dam safety rehabilitation programme. Over the medium term, the programme expects to transfer R1.4 billion to the water trading entity to upgrade the pipeline from Steelpoort to Mooihoek and build the new pipeline from the Flag Boshielo Dam to Mokopane in phase 2B of the De Hoop Dam's bulk distribution system project. The programme receives Cabinet approved additional allocations of R264 million in 2015/16 and R430 million in 2016/17 for the development of the Umzimvubu Dam and bulk water scheme. Between 2010/11 and 2013/14, the capital transfers grew as a result of additional allocations for the completion of the construction of the De

Hoop dam, its bulk distribution systems, and the Nandoni distribution network and pipeline. The details of the water infrastructure projects are discussed in the infrastructure section.

## Programme 4: Regional Implementation and Support

### Objectives

- Ensure the availability of water supply for domestic and agricultural use by:
  - completing 45 bulk infrastructure schemes (bulk water scheme and wastewater treatment works) over the MTEF period
  - distributing 4 790 rainwater harvesting tanks to rural communities over the MTEF period
  - supporting 1 984 farmers in the resource poor farmers schemes to access water over the MTEF period.
- Ensure the provision of local government institutional support through the refurbishment of prioritised schemes for municipalities from 59 in 2012/13 to 100 by 2016/17.
- Support the local government water sector over the medium term by:
  - prioritising improvements in 42 water services authorities with blue drop risk ratings which are above 50 per cent and 55 water services authorities with cumulative risk ratings above 70 per cent, for 2014/15
  - selecting 35 municipalities to implement water conservation and demand management in 2014/15
  - prioritising 10 municipalities to implement community infrastructure water projects in 2014/15
  - completing 93 interventions to address lack of water supply, poor water quality and pollution incidents in the municipalities for 2014/15.
- Improve the protection of water resources and safeguard their sustainability by:
  - implementing the river health programme from 110 rivers in 2012/13 to 125 rivers by 2016/17
  - ensuring appropriate alignment of the management of mine water through making sure that the Central Basin plant is 100 per cent operational at an average of 57 mega litres per day by 2014/15, and the Eastern Basin plant is 100 per cent operational at an average of 80 mega litres per day by 2015/16.
- Improve water use efficiency to previously disadvantaged communities by processing 100 per cent of water use licence applications received and increasing the volume of water allocated to historically disadvantaged individuals from 28 million cubic metres in 2012/13 to 42 million cubic metres of water by 2016/17.

### Subprogrammes

- *Regional Management and Support* provides strategic support for and oversees management of the programme. This entails managing documents, coordinating information on outcomes from the programme and providing responses to parliamentary questions and referrals. This subprogramme had a staff complement of 11 in 2013/14.
- *Water Sector Support* is discussed in more detail below.
- *Water Use Regulation* provides integrated interventions for ensuring that water resources are protected, used, conserved and managed in an equitable and sustainable manner. In 2012/13, the river health programme was implemented in 110 rivers and in 2013/14 in 107 rivers. This subprogramme had a staff complement of 840 in 2013/14.
- *Institutional Establishment* contributes to the establishment of effective water management institutions by developing water user association business plans, transforming irrigation boards into water user associations and building capacity within water user associations. In 2012/13, 1 787 resource poor farmers were supported and 4 068 rainwater harvesting tanks were distributed. In addition, 41 management institutions were supported in the development of business plans. In 2013/14, 146 resource poor farmers were supported and 1 080 rainwater harvesting tanks were installed thus far. This subprogramme had a staff complement of 38 in 2013/14.
- *Regional Bulk* is discussed in more detail below.
- *Transfer of Water Schemes* guides the transfer of the operation and maintenance functions of water services schemes to water services institutions to ensure effective, efficient and sustainable service delivery by all

water services authorities. This entails administering and managing water and wastewater owned by the department and those that have been transferred to municipalities and other water management institutions. In 2012/13, a total of 59 schemes were transferred. In 2013/14, R573 million was used for funding the refurbishment, operation and maintenance of 54 transferred water and wastewater schemes, in accordance with signed transfer agreements between the department and municipalities. This subprogramme had a staff complement of 316 in 2013/14.

- *Support Services* provides human resources, financial management and general administration to the programme. This subprogramme had a staff complement of 848 in 2013/14.
- *Water Services Projects* provides for the construction of new water services infrastructure projects such as water treatment works and pipelines. The key projects funded in 2012/13 and 2013/14 were the Nandoni water treatment works and distribution network pipelines, phase 2 of the Inyaka water treatment works and distribution lines, phases 1, 2 and 3 of the Hluhluwe regional water scheme, and the Groot Letaba water treatment plant.
- *Integrated Catchment Management* provides for the protection, development, use and management of resources at the water management area level. In 2012/13, monitoring was conducted at 794 water sampling points and 749 waste discharge points, and 179 mine pollution inspections were carried out. In 2013/14, monitoring was conducted at 1 194 water sampling points and 645 waste discharge points, and 91 mine pollution inspections were carried out. This subprogramme had a staff complement of 33 in 2013/14.
- *Mine Water Management* coordinates and oversees the management of mine water in South Africa with specific emphasis on acid mine drainage. Over the medium term, the focus will be on reviewing the implementation model and revenue plan to ensure long term infrastructure sustainability. Funds to this end are transferred to the Trans-Caledon Tunnel Authority as the implementing agent. In 2012/13, the treatment plant in the Witwatersrand western basin was upgraded and is currently partially treating and discharging 21 mega litres of water per day to the Tweelopiespruit, resulting in no decant of untreated acid mine water since August 2012. A further upgrade of the plant is being investigated to increase the treatment capacity to 36 mega litres per day. The construction of a new neutralisation plant and pumping station in the Witwatersrand central basin began in January 2013 and was commissioned in January 2014.
- *Water Use Authorisation and Administration* authorises all water use activities in South Africa through the use of regulatory instruments, such as licensing and water allocation reform, to ensure sustainable, equitable integrated water resources management for current and future generations. In 2012/13, 288 water use authorisation licences were finalised and 17 million cubic metres of water were allocated to historically disadvantaged individuals. In 2013/14, 5 million cubic meters of water were allocated.

## Expenditure estimates

**Table 38.10 Regional Implementation and Support**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Regional Management and Support	3.7	4.8	4.8	6.6	21.1%	0.1%	8.5	8.8	9.3	12.3%	0.1%
Water Sector Support	992.1	949.9	416.7	1 073.1	2.7%	18.1%	1 513.0	3 139.2	3 399.0	46.9%	26.3%
Water Use Regulation	261.3	282.6	301.2	312.4	6.1%	6.1%	342.2	356.1	377.1	6.5%	4.0%
Institutional Establishment	–	30.0	24.5	46.0	–	0.5%	58.6	58.0	61.2	10.0%	0.6%
Regional Bulk	869.6	1 738.6	2 486.8	3 346.3	56.7%	44.5%	4 656.0	5 314.8	5 727.9	19.6%	54.8%
Transfer of Water Schemes	869.1	671.9	681.6	573.0	-13.0%	14.7%	612.9	643.5	677.6	5.7%	7.2%
Support Services	311.7	340.8	306.6	359.4	4.9%	6.9%	379.4	396.5	406.0	4.1%	4.4%
Water Services Projects	191.9	338.4	532.9	190.5	-0.3%	6.6%	202.2	209.4	–	-100.0%	1.7%
Integrated Catchment Management	–	18.4	23.8	5.5	–	0.3%	8.7	8.1	8.5	15.9%	0.1%
Mine Water Management	–	–	156.8	258.5	–	2.2%	–	–	–	-100.0%	0.7%
Water Use Authorisation and Administration	–	–	–	–	–	–	1.0	1.3	1.5	–	–
<b>Total</b>	<b>3 499.4</b>	<b>4 375.5</b>	<b>4 935.8</b>	<b>6 171.3</b>	<b>20.8%</b>	<b>100.0%</b>	<b>7 782.7</b>	<b>10 135.7</b>	<b>10 668.2</b>	<b>20.0%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				188.6			97.9	363.7	501.9		

Table 38.10 Regional Implementation and Support

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Current payments</b>	<b>998.1</b>	<b>1 071.3</b>	<b>1 024.8</b>	<b>1 194.7</b>	<b>6.2%</b>	<b>22.6%</b>	<b>1 278.1</b>	<b>1 337.3</b>	<b>1 380.0</b>	<b>4.9%</b>	<b>14.9%</b>
Compensation of employees	470.8	450.6	510.9	590.9	7.9%	10.7%	661.6	695.6	724.4	7.0%	7.7%
Goods and services	524.8	617.8	511.9	603.9	4.8%	11.9%	616.5	641.7	655.6	2.8%	7.2%
of which:											
Consultants and professional services: Business and advisory services	139.6	111.4	105.7	80.6	-16.7%	2.3%	77.8	81.1	90.8	4.1%	1.0%
Consultants and professional services: Infrastructure and planning	39.9	81.7	34.8	63.8	16.9%	1.2%	39.0	41.4	42.6	-12.6%	0.5%
Operating leases	20.1	0.7	3.0	12.1	-15.5%	0.2%	8.0	8.4	9.0	-9.3%	0.1%
Travel and subsistence	89.6	125.2	145.5	109.8	7.0%	2.5%	131.3	133.9	137.8	7.9%	1.5%
Interest and rent on land	2.6	2.9	2.1	-	-100.0%	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 038.8</b>	<b>1 031.7</b>	<b>574.7</b>	<b>1 284.1</b>	<b>7.3%</b>	<b>20.7%</b>	<b>1 576.3</b>	<b>2 863.0</b>	<b>2 810.4</b>	<b>29.8%</b>	<b>24.6%</b>
Provinces and municipalities	985.0	992.5	562.8	1 025.8	1.4%	18.8%	984.2	1 850.6	1 797.3	20.6%	16.3%
Public corporations and private enterprises	-	-	-	250.0	-	1.3%	580.0	1 000.0	1 000.0	58.7%	8.1%
Non-profit institutions	-	-	-	-	-	-	0.6	0.6	0.6	-	-
Households	53.8	39.2	11.8	8.3	-46.3%	0.6%	11.4	11.9	12.5	14.4%	0.1%
<b>Payments for capital assets</b>	<b>1 462.4</b>	<b>2 272.5</b>	<b>3 336.3</b>	<b>3 692.4</b>	<b>36.2%</b>	<b>56.7%</b>	<b>4 928.4</b>	<b>5 935.4</b>	<b>6 477.9</b>	<b>20.6%</b>	<b>60.5%</b>
Buildings and other fixed structures	1 257.2	2 218.7	3 291.4	3 613.8	42.2%	54.7%	4 880.7	5 885.6	6 425.4	21.1%	59.9%
Machinery and equipment	205.2	48.7	44.8	77.2	-27.8%	2.0%	45.8	48.7	51.5	-12.6%	0.6%
Software and other intangible assets	0.0	5.1	0.0	1.3	221.3%	-	1.9	1.0	1.0	-8.9%	-
<b>Total</b>	<b>3 499.4</b>	<b>4 375.5</b>	<b>4 935.8</b>	<b>6 171.3</b>	<b>20.8%</b>	<b>100.0%</b>	<b>7 782.7</b>	<b>10 135.7</b>	<b>10 668.2</b>	<b>20.0%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>49.8%</b>	<b>53.6%</b>	<b>57.1%</b>	<b>59.5%</b>			<b>62.4%</b>	<b>63.0%</b>	<b>62.0%</b>		

## Details of selected transfers and subsidies

<b>Provinces and municipalities</b>											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	<b>0.4</b>	<b>0.1</b>	<b>0.4</b>	<b>604.9</b>	<b>1036.6%</b>	<b>3.2%</b>	<b>534.7</b>	<b>1 380.3</b>	<b>1 302.1</b>	<b>29.1%</b>	<b>11.0%</b>
Vehicle licences	0.1	0.1	0.3	1.9	178.7%	-	0.1	0.1	0.1	-58.5%	-
Regional services council levies	0.3	-	0.1	0.0	-79.0%	-	-	-	-	-100.0%	-
Women in Water Award	-	-	-	-	-	-	0.4	-	-	-	-
Municipal water infrastructure grant	-	-	-	603.0	-	3.2%	534.2	1 380.2	1 302.0	29.3%	11.0%
<b>Capital</b>	<b>984.6</b>	<b>992.3</b>	<b>562.4</b>	<b>420.9</b>	<b>-24.7%</b>	<b>15.6%</b>	<b>449.6</b>	<b>470.2</b>	<b>495.2</b>	<b>5.6%</b>	<b>5.3%</b>
Water services operating subsidy grant	664.3	542.3	562.4	420.9	-14.1%	11.5%	449.6	470.2	495.2	5.6%	5.3%
Municipal drought relief	320.4	-	-	-	-100.0%	1.7%	-	-	-	-	-
Drought relief grant	-	450.0	-	-	-	2.4%	-	-	-	-	-
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250.0</b>	<b>-</b>	<b>1.3%</b>	<b>580.0</b>	<b>1 000.0</b>	<b>1 000.0</b>	<b>58.7%</b>	<b>8.1%</b>
Amatola Water Board	-	-	-	-	-	-	150.0	350.0	(0.0)	-	1.4%
Magalies Water Board	-	-	-	200.0	-	1.1%	70.0	94.0	182.0	-3.1%	1.6%
Umgeni Water Board	-	-	-	50.0	-	0.3%	216.8	342.2	600.0	128.9%	3.5%
Sedibeng Water board	-	-	-	-	-	-	143.2	213.8	218.0	-	1.7%
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>14.3</b>	<b>21.9</b>	<b>6.4</b>	<b>3.6</b>	<b>-36.9%</b>	<b>0.2%</b>	<b>1.0</b>	<b>1.3</b>	<b>1.3</b>	<b>-28.8%</b>	<b>-</b>
Employee social benefits	2.0	-	2.2	-	-100.0%	-	-	-	-	-	-
Water services operating subsidy: Indirect grant	12.3	21.9	4.2	3.6	-33.7%	0.2%	1.0	1.3	1.3	-28.8%	-
<b>Households</b>											
<b>Other transfers to households</b>											
<b>Current</b>	<b>39.5</b>	<b>17.3</b>	<b>5.4</b>	<b>4.7</b>	<b>-50.7%</b>	<b>0.4%</b>	<b>10.4</b>	<b>10.6</b>	<b>11.2</b>	<b>33.2%</b>	<b>0.1%</b>
Employee social benefits	3.1	-	0.0	0.0	-84.3%	-	-	-	-	-100.0%	-
Vehicle licences	0.8	-	3.8	-	-100.0%	-	-	-	-	-	-
Resource poor farmers	32.3	17.3	-	-	-100.0%	0.3%	-	-	-	-	-
Resources for poor farmers	3.2	-	1.6	4.7	13.5%	0.1%	10.4	10.6	11.2	33.3%	0.1%

## Personnel information

**Table 38.11 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Regional Implementation and Support																			
Salary level	2 414	165	2 271	510.9	0.2	2 414	590.9	0.2	2 533	661.6	0.3	2 533	695.6	0.3	2 533	724.4	0.3	1.6%	100.0%
1 – 6	1 277	137	1 109	127.3	0.1	1 277	159.1	0.1	1 129	180.5	0.2	1 129	197.2	0.2	1 129	198.3	0.2	-4.0%	46.6%
7 – 10	874	24	893	223.5	0.3	874	270.4	0.3	1 090	301.2	0.3	1 090	310.0	0.3	1 090	330.9	0.3	7.6%	41.4%
11 – 12	210	3	209	121.9	0.6	210	119.8	0.6	256	131.5	0.5	256	136.3	0.5	256	140.5	0.5	6.8%	9.8%
13 – 16	53	1	60	38.2	0.6	53	41.6	0.8	58	48.4	0.8	58	52.0	0.9	58	54.8	0.9	3.1%	2.3%

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

2. Rand million.

## Expenditure trends

The *Regional Bulk* and *Water Sector Support* subprogrammes, the largest spending items in this programme, are discussed in further detail in the sections below. Excluding these two subprogrammes, the bulk of the programme's spending goes towards administering and managing the water and wastewater resources owned by the department, municipalities and other water management institutions, intervening to protect and conserve water resources, and providing strategic and administrative support to these and the programme's other activities. Most of these activities are carried out by the personnel on department's funded establishment of 2 414 posts, with 165 posts additional to the establishment. Over the medium term, personnel numbers are expected to increase to 2 533 in 2015/16, as vacant positions are filled. This is expected to increase spending on compensation of employees. These posts were vacant due to the length of time it takes to finalise the recruitment processes, resignations, promotions, transfers and the difficulty in recruiting posts selected for occupation specific dispensation.

As a result of the vacancies, the programme relies on consultants to provide, as required, the technical, engineering and project management services that staff might otherwise provide. Thus spending on consultants decreased from R184.3 million in 2010/11 to R150.6 million in 2013/14 and is projected to decrease further to R141.1 million in 2016/17 as the vacancies are filled.

## Subprogramme: Water Sector Support

This subprogramme coordinates sector collaboration and intergovernmental relations at the national, provincial and local levels; and provides hands on support to local government through the rapid response unit, accelerated community infrastructure programme, and the municipal water infrastructure grant (introduced in 2013/14) to ensure effective, efficient, economic and sustainable provision of water. In 2012/13, 34 municipalities were supported in implementing water conservation and demand management measures and 14 municipalities were supported in implementing community water infrastructure. In 2013/14, 15 municipalities were supported. In 2012/13, there were 52 water service authorities with a risk rating above the threshold for blue drop, and 59 for green drop. In 2013/14, there were 40 blue drop and 62 green drop water service authorities. In 2012/13, 86 interventions were completed to address the lack of water supply, poor water quality and pollution. Interventions are incident driven, and by September 2013, 60 interventions had been completed. 93 interventions are targeted for 2014/15. This subprogramme had a staff complement of 304 in 2013/14.

## Expenditure estimates

**Table 38.12 Water Sector Support**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million	263.1	256.3	231.7	288.6	3.1%	30.3%	280.3	296.7	287.5	-0.1%	12.6%
<b>Current payments</b>	<b>74.2</b>	<b>75.0</b>	<b>84.6</b>	<b>97.5</b>	<b>9.5%</b>	<b>9.7%</b>	<b>114.8</b>	<b>119.2</b>	<b>125.6</b>	<b>8.8%</b>	<b>5.0%</b>
Compensation of employees	188.2	181.1	146.8	191.1	0.5%	20.6%	165.5	177.5	161.9	-5.4%	7.6%
Goods and services	0.7	0.3	0.3	-	-100.0%	-	-	-	-	-	-
Interest and rent on land	<b>344.3</b>	<b>453.7</b>	<b>0.2</b>	<b>603.0</b>	<b>20.5%</b>	<b>40.8%</b>	<b>534.7</b>	<b>1 380.8</b>	<b>1 302.6</b>	<b>29.3%</b>	<b>41.9%</b>
<b>Transfers and subsidies</b>	<b>320.7</b>	<b>450.0</b>	<b>0.1</b>	<b>603.0</b>	<b>23.4%</b>	<b>40.0%</b>	<b>534.2</b>	<b>1 380.2</b>	<b>1 302.0</b>	<b>29.3%</b>	<b>41.9%</b>
Provinces and municipalities	-	-	-	-	-	-	0.6	0.6	0.6	-	-
Non-profit institutions	23.6	3.7	0.1	0.0	-92.0%	0.8%	-	-	-	-100.0%	-
Households	<b>384.7</b>	<b>239.9</b>	<b>184.8</b>	<b>181.6</b>	<b>-22.1%</b>	<b>28.9%</b>	<b>698.0</b>	<b>1 461.7</b>	<b>1 808.9</b>	<b>115.2%</b>	<b>45.5%</b>
<b>Payments for capital assets</b>	<b>214.7</b>	<b>233.5</b>	<b>180.5</b>	<b>151.5</b>	<b>-11.0%</b>	<b>22.7%</b>	<b>691.5</b>	<b>1 454.6</b>	<b>1 801.7</b>	<b>128.2%</b>	<b>44.9%</b>
Buildings and other fixed structures	169.9	5.9	4.4	30.0	-43.9%	6.1%	6.5	7.1	7.2	-37.8%	0.6%
Machinery and equipment	-	0.5	-	-	-	-	-	-	-	-	-
Software and other intangible assets	<b>992.1</b>	<b>949.9</b>	<b>416.7</b>	<b>1 073.1</b>	<b>2.7%</b>	<b>100.0%</b>	<b>1 513.0</b>	<b>3 139.2</b>	<b>3 399.0</b>	<b>46.9%</b>	<b>100.0%</b>
<b>Total</b>	<b>28.3%</b>	<b>21.7%</b>	<b>8.4%</b>	<b>17.4%</b>			<b>19.4%</b>	<b>31.0%</b>	<b>31.9%</b>		
<b>Proportion of total subprogramme expenditure to programme expenditure</b>											

## Personnel information

**Table 38.13 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment											Number						
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost	2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Water Sector Support</b>																			
<b>Salary level</b>	370	-	266	84.57	0.32	304	97.52	0.32	370	114.79	0.31	370	119.17	0.32	370	125.56	0.34	6.8%	100.0%
1-6	84	-	66	10.49	0.16	73	16.49	0.23	83	13.49	0.16	83	14.93	0.18	83	15.70	0.19	4.4%	22.8%
7-10	210	-	151	38.92	0.26	169	43.97	0.26	210	59.37	0.28	210	61.50	0.29	210	65.38	0.31	7.5%	56.5%
11-12	65	-	39	27.73	0.71	52	28.50	0.55	66	32.63	0.49	66	32.99	0.50	66	34.26	0.52	8.3%	17.7%
13-16	11	-	10	7.43	0.74	10	8.55	0.85	11	9.30	0.85	11	9.75	0.89	11	10.22	0.93	3.2%	3.0%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on coordinating sector collaboration and intergovernmental relations through managing and making transfers of the municipal water infrastructure grant, which was introduced in 2013/14 to address the backlog in providing access to water to rural households in 24 district municipalities. This R6.5 billion grant is expected to increase expenditure significantly over the medium term. In addition, expenditure is projected to grow over the medium term, due to the R20 million that was reprioritised from payments for capital assets to the accelerated community infrastructure programme, to fund water conservation and demand management.

The subprogramme's personnel numbers are expected to increase over the medium term, due to the filling of the 66 posts that were vacant at the end of November 2013. These vacancies were mostly at the department's regional offices. Spending on compensation of employees is also expected to grow, at an average rate of 8.8 per cent over the same period as the vacancies are filled. Consultants generally provide additional capacity, as required, where there are vacancies for project management, programme coordination, technical support and implementation oversight. However, between 2010/11 and 2013/14, expenditure on consultants decreased from R118.4 million to R48.2 million as some activities were moved to other subprogrammes and the vacancies were filled over this period.

## Subprogramme: Regional Bulk

The Regional Bulk programme develops regional bulk infrastructure for water supply and water treatment works, and supplements regional bulk sanitation collector systems, as well as regional wastewater treatment works. This entails connecting water from sources to municipal reticulation systems. In 2012/13, 3 bulk infrastructure systems were completed and 63 projects were under construction at a cost of R2.2 billion. In 2013/14, R3.3 billion was used to develop bulk infrastructure for water and wastewater treatment works. In the first half of 2013/14, 3 626 job opportunities were created through the subprogramme. Of the subprogramme's funded establishment of 29 posts, 24 were filled at the end of November 2013. The vacancies are due to newly created posts, which are still in the process of being filled.

## Expenditure estimates

**Table 38.14 Regional Bulk**

Economic classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)		
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15			2015/16	2016/17
	R million												
<b>Current payments</b>	<b>18.9</b>	<b>91.8</b>	<b>65.6</b>	<b>84.9</b>	<b>64.9%</b>	<b>3.1%</b>	<b>87.3</b>	<b>92.1</b>	<b>103.3</b>	<b>6.7%</b>	<b>1.9%</b>		
Compensation of employees	1.2	3.2	8.8	16.7	143.2%	0.4%	17.7	18.6	21.8	9.2%	0.4%		
Goods and services	17.8	88.5	56.8	68.2	56.6%	2.7%	69.6	73.5	81.5	6.1%	1.5%		
<i>of which:</i>													
<i>Consultants and professional services: Business and advisory services</i>	10.0	19.4	29.8	14.5	13.2%	0.9%	42.3	43.8	51.4	52.4%	0.8%		
<i>Consultants and professional services: Infrastructure and planning</i>	7.6	67.2	22.9	51.6	89.2%	1.8%	23.0	25.1	25.3	-21.2%	0.7%		
<i>Travel and subsistence</i>	0.1	1.4	2.9	1.4	183.7%	0.1%	3.4	3.6	3.8	37.7%	0.1%		
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>250.0</b>	<b>-</b>	<b>3.0%</b>	<b>580.0</b>	<b>1 000.0</b>	<b>1 000.0</b>	<b>58.7%</b>	<b>14.9%</b>		
Public corporations and private enterprises	-	-	-	250.0	-	3.0%	580.0	1 000.0	1 000.0	58.7%	14.9%		
<b>Payments for capital assets</b>	<b>850.6</b>	<b>1 646.9</b>	<b>2 421.1</b>	<b>3 011.4</b>	<b>52.4%</b>	<b>93.9%</b>	<b>3 988.8</b>	<b>4 222.7</b>	<b>4 624.6</b>	<b>15.4%</b>	<b>83.2%</b>		
Buildings and other fixed structures	850.5	1 646.8	2 421.0	3 011.4	52.4%	93.9%	3 986.9	4 221.7	4 623.6	15.4%	83.2%		
Machinery and equipment	0.1	0.1	0.2	-	-100.0%	-	-	-	-	-	-		
Software and other intangible assets	-	-	-	-	-100.0%	-	1.9	1.0	1.0	-	-		
<b>Total</b>	<b>869.6</b>	<b>1 738.6</b>	<b>2 486.8</b>	<b>3 346.3</b>	<b>56.7%</b>	<b>100.0%</b>	<b>4 656.0</b>	<b>5 314.8</b>	<b>5 727.9</b>	<b>19.6%</b>	<b>100.0%</b>		
<b>Proportion of total subprogramme expenditure to programme expenditure</b>	<b>24.8%</b>	<b>39.7%</b>	<b>50.4%</b>	<b>54.2%</b>			<b>59.8%</b>	<b>52.4%</b>	<b>53.7%</b>				

## Personnel information

**Table 38.15 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
<b>Regional Bulk</b>																			
<b>Salary level</b>	29	-	22	8.8	0.4	24	16.8	0.7	29	17.7	0.6	29	18.6	0.6	29	21.8	0.8	6.5%	100.0%
7 - 10	7	-	4	1.2	0.3	4	2.9	0.7	7	2.1	0.3	7	2.2	0.3	7	2.5	0.4	20.5%	22.5%
11 - 12	10	-	8	1.2	0.2	10	5.9	0.6	10	7.1	0.7	10	7.5	0.8	10	7.9	0.8	-	36.0%
13 - 16	12	-	10	6.4	0.6	10	7.9	0.8	12	8.5	0.7	12	9.0	0.8	12	11.5	1.0	6.3%	41.4%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on providing regional bulk infrastructure for water and wastewater treatment works that links water sources to local government infrastructure. Over the MTEF period, expenditure on payments for capital assets is expected to increase significantly as a result of a Cabinet approved additional allocation of R934 million for critical bulk water projects. The rollout of regional bulk water infrastructure also explains the increase in spending between 2010/11 and 2013/14. The increase in transfers and

subsidies over the medium term provides funding to water boards, such as the Umgeni, Magalies and Amatola water boards, which operate as implementing agents for the department.

The growth expected in spending on compensation of employees over the medium term is due to the filling of vacant posts. However, as the capacity constraints are expected to remain despite the increase in personnel, consultants with specific technical and scientific skills will be used, which explains the increase in spending on consultants over this period.

## **Programme 5: Water Sector Regulation**

### **Objectives**

- Strengthen the regulatory function of the department by developing and completing a regulatory framework by 2015/16.
- Ensure the improved monitoring of drinking water quality, using the blue drop status as an annual performance indicator, by assessing 1 084 water supply systems for compliance with drinking water quality standards in 2014/15 and publish the blue drop progress report in 2015/16.
- Reduce pollution in water resources throughout South Africa by ensuring that 1 028 wastewater treatment collector systems are assessed for green drop status in 2014/15 and publish the full green drop report in 2016/17.
- Improve efficiency in water pricing and regulation by developing an economic regulation implementation strategy for the entire value chain by 2015/16, to be effected through the approved institutional model for implementation in 2016/17.
- Ensure compliance with dam safety regulations for the protection of the population, economy and water resources by monitoring 140 dams per year over the MTEF period.
- Ensure the effective enforcement of compliance with water legislation by finalising the implementation protocol for enforcement, including a compliance and monitoring strategy to curb unlawful water use by mining, agriculture and other industries, by 2014/15,

### **Subprogrammes**

- *Regulation Management and Support* provides for the overall management and oversight of the programme. This entails business planning, performance reporting, management support and project management. This subprogramme provides support to the office of the deputy director general and it oversees management of key activities within the programme. The deputy director general was appointed in September 2013. This subprogramme had a staff complement of 2 in 2013/14.
- *Economic and Social Regulation* ensures that pricing is efficient and cost reflective, achieves value for money for consumers and, where appropriate, that trade-offs are made between the cost, quality and sustainability of services, focusing on developing finance and pricing strategies. In 2012/13, the institutional options for economic regulation were developed. In 2013/14, the institutional options for economic regulation were revised to incorporate comments received.
- *Water Use Authorisation* authorises all water use activities in South Africa by using regulatory instruments, such as licensing and water allocation reform. This entails issuing water licences and giving effect to water allocation reform by reallocating water to historically disadvantaged individuals. In 2012/13, compulsory licensing processes were completed for Tosca Molopo river catchment within the Dr Ruth S. Mompati district. In 2013/14, the Jan Dissels river catchment compulsory licensing processes were completed. This subprogramme had a staff complement of 23 in 2013/14.
- *Water Supply Services and Sanitation Regulation* regulates the quality of drinking water and wastewater by using incentive and risk based regulation, such as the blue drop and green drop certification programmes, and enforcement tools, such as monitoring drinking water quality, setting drinking water standards, prescribing wastewater treatment and processes, and processing water information. In 2012/13, 963 wastewater treatment collector systems and 931 water treatment supply systems were assessed. The green drop and blue drop progress reports were published. In 2013/14, R14.6 million was spent on consultants who assisted in conducting assessments of drinking water quality and wastewater treatment

works within municipalities, as part of the department's blue drop and green drop certification activities. This subprogramme had a staff complement of 13 in 2013/14.

- *Water Resource Regulation* ensures water use regulation through the development of policies, strategies, regulations, general authorisations, norms, standards and guidelines, evaluates compliance, and provides implementation training and support. In 2012/13, 148 dams were evaluated for compliance with dam safety regulations. This subprogramme had a staff complement of 59 in 2013/14.
- *Compliance Monitoring* coordinates and monitors compliance to standards, licence conditions and regulations across the full water value chain, including water resources, dam safety, water hazards and water services. Activities carried out in 2012/13 included the auditing of mines and industry against authorisations as part of providing environmental assets and natural resources that are valued, protected and continually enhanced. In 2012/13, 92 mines were audited for compliance and in 2013/14, 31 cases were investigated for compliance, of which 4 cases were resolved. 3 criminal cases were opened and 24 notices of intention were issued.
- *Enforcement* ensures that appropriate legal action is taken against all unlawful water users. This entails monitoring, conducting investigations, and providing legal and enforcement support. In 2013/14, 19 pre-directives and 7 directives were issued, of which 8 are ongoing criminal cases. This subprogramme had a staff complement of 23 in 2013/14.

## Expenditure estimates

**Table 38.16 Water Sector Regulation**

Subprogramme	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Regulation Management and Support	-	0.3	0.3	2.6	-	0.7%	7.0	7.7	8.4	48.4%	5.1%
Economic and Social Regulation	-	-	0.1	1.0	-	0.3%	6.1	5.6	6.5	87.0%	3.8%
Water Use Authorisation	39.1	21.3	19.6	22.9	-16.3%	24.4%	14.7	15.2	15.9	-11.4%	13.5%
Water Supply Services and Sanitation Regulation	28.3	21.0	23.9	28.6	0.4%	24.1%	23.9	24.7	24.1	-5.5%	20.0%
Water Resource Regulation	45.0	40.3	34.0	43.8	-0.9%	38.7%	33.8	35.2	43.2	-0.5%	30.8%
Compliance Monitoring	-	0.0	0.0	1.1	-	0.3%	19.4	19.2	24.9	184.6%	12.7%
Enforcement	13.2	8.2	9.5	17.7	10.3%	11.5%	16.7	18.1	19.0	2.5%	14.1%
<b>Total</b>	<b>125.6</b>	<b>91.2</b>	<b>87.4</b>	<b>117.7</b>	<b>-2.1%</b>	<b>100.0%</b>	<b>121.5</b>	<b>125.8</b>	<b>142.1</b>	<b>6.5%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				(1.0)			0.0	-	(0.0)		
<b>Current payments</b>	<b>125.0</b>	<b>90.4</b>	<b>87.0</b>	<b>116.0</b>	<b>-2.5%</b>	<b>99.2%</b>	<b>120.4</b>	<b>124.7</b>	<b>140.8</b>	<b>6.7%</b>	<b>99.0%</b>
Compensation of employees	51.3	47.8	46.1	53.5	1.4%	47.1%	77.6	80.4	85.5	16.9%	58.6%
Goods and services	73.7	42.7	40.9	62.5	-5.3%	52.1%	42.7	44.2	55.3	-4.0%	40.4%
of which:											
Consultants and professional services: Business and advisory services	29.6	19.9	19.1	14.6	-21.0%	19.7%	16.9	16.5	15.9	2.8%	12.6%
Consultants and professional services: Infrastructure and planning	12.0	0.7	5.2	8.5	-10.9%	6.3%	8.3	11.7	15.5	22.3%	8.7%
Operating leases	0.1	0.0	-	0.2	59.4%	0.1%	0.4	0.3	2.5	115.9%	0.7%
Travel and subsistence	19.5	12.2	10.2	11.9	-15.3%	12.7%	7.6	7.3	11.6	-0.8%	7.6%
Interest and rent on land	-	0.0	0.0	0.1	-	-	0.1	0.1	0.1	14.0%	0.1%
<b>Payments for capital assets</b>	<b>0.6</b>	<b>0.7</b>	<b>0.3</b>	<b>1.7</b>	<b>43.5%</b>	<b>0.8%</b>	<b>1.1</b>	<b>1.2</b>	<b>1.3</b>	<b>-8.6%</b>	<b>1.0%</b>
Buildings and other fixed structures	-	-	-	-	-	-	0.3	0.3	-	-	0.1%
Machinery and equipment	0.6	0.7	0.3	1.7	43.3%	0.8%	0.8	0.9	1.3	-8.5%	0.9%
<b>Total</b>	<b>125.6</b>	<b>91.2</b>	<b>87.4</b>	<b>117.7</b>	<b>-2.1%</b>	<b>100.0%</b>	<b>121.5</b>	<b>125.8</b>	<b>142.1</b>	<b>6.5%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>1.8%</b>	<b>1.1%</b>	<b>1.0%</b>	<b>1.1%</b>			<b>1.0%</b>	<b>0.8%</b>	<b>0.8%</b>		

## Personnel information

**Table 38.17 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Water Sector Regulation	179	-	148	46.1	0.3	120	53.5	0.4	179	77.6	0.4	179	80.4	0.4	179	85.5	0.5	14.3%	100.0%
Salary level																			
1 - 6	28	-	60	8.0	0.1	21	4.6	0.2	28	5.9	0.2	28	6.1	0.2	28	6.7	0.2	10.1%	16.0%
7 - 10	106	-	61	16.3	0.3	67	18.8	0.3	106	35.3	0.3	106	37.6	0.4	106	41.4	0.4	16.5%	58.6%
11 - 12	34	-	22	17.7	0.8	25	23.8	1.0	34	26.6	0.8	34	26.6	0.8	34	26.6	0.8	10.8%	19.3%
13 - 16	11	-	5	4.2	0.8	7	6.2	0.9	11	9.8	0.9	11	10.1	0.9	11	10.7	1.0	16.3%	6.1%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on strengthening the regulatory function of the department by revising the pricing strategy to attain full cost recovery on water schemes and initiating a process for establishing an economic regulator to contribute to ensuring compliance with water legislation. This is to be carried out through the *Economic and Social Regulation* subprogramme.

Over the medium term, the significant increases expected in spending in the *Regulation Management and Support* and *Compliance Monitoring and Enforcement* subprogrammes are due to increased spending on compliance and enforcement related activities as part of the department's policy position on protecting South Africa's natural water resources. The review of the compulsory water licence process for the water management area in Mhlathuze in KwaZulu-Natal, Tosca in North West and Jan Dissel in Western Cape was completed in 2012/13. Over the medium term, the department will implement measures to ensure that 29 per cent of the water abstraction allocation is authorised to historically disadvantaged individuals.

Between 2014/15 and 2016/17, spending on goods and services is projected to increase as a result of an increase in spending on consultants for the assessment of drinking water quality and wastewater treatment works under the *Water Supply Services and Sanitation Regulation* subprogramme and related compliance monitoring programmes under the *Compliance Monitoring* subprogramme. At the end of 2013, the programme had a funded establishment of 179 posts, 120 of which were filled. Vacancies were due to the difficulties in filling posts that require scientific, technical and engineering skills to meet the occupation specific dispensation requirements. Consultants are used as required to provide specialised engineering and scientific skills, which they will transfer to the department's personnel. Between 2010/11 and 2013/14, the department reduced spending on consultants, travel and subsistence, and advertising, to give effect to Cabinet approved budget reductions in previous budget cycles.

## Programme 6: International Water Cooperation

### Objectives

- Facilitate technical support and capacity development in water sector partnership arrangements at international, African, national, provincial and local levels by:
  - establishing 8 new strategic partnerships and implementing 16 existing strategic partnerships with countries outside Africa over the medium term
  - holding 12 strategic engagements with international and multilateral organisations outside Africa over the medium term.
- Strengthen, implement and facilitate water governance, infrastructure and information management by:
  - establishing 9 new strategic partnerships and implementing 15 existing strategic partnerships with other countries in Africa over the medium term

- implementing 4 trans-boundary water management projects and having 6 strategic engagements with international and multilateral organisations in Africa over the medium term.

## Subprogrammes

- *International Relations Management and Support* ensures overall management and oversight of the programme. This entails business planning, performance reporting, management support and project management. This subprogramme had a staff complement of 12 in 2013/14.
- *Africa Cooperation* fulfils the department's responsibility of advancing the African agenda through promoting and facilitating collaborative activities in support of the water sector. This takes the form of bilateral relations and participation in multilateral institutions such as the African Union (AU), the African Ministers' Council on Water, the Southern African Development Community (SADC), as well as programmes related to the New Partnership for Africa's Development. Trans-boundary water management, a sub-function of this subprogramme, is responsible for advancing the national interest among the shared river basin organisations, where South Africa shares water with neighbouring countries and implements projects within the shared river basin. This includes the Orange-Senqu River Commission, the Limpopo Water Course Commission, the tripartite permanent technical committee of the Lesotho Highlands Water Project and joint water commissions. In 2012/13, 7 existing strategic partnerships were implemented in Africa and 2 new partnerships were established on the continent in 2013/14. This subprogramme had a staff complement of 14 in 2013/14.
- *Global Cooperation* promotes and advances national interests at global governance institutions, strategically engages in bilateral arrangements with countries outside Africa and explores opportunities to leverage off resources from donor countries. This entails hosting bilateral engagements and participating in conferences. Currently, diplomatic relations are being strengthened with the new emerging partnerships of United Kingdom, Korea, Iran, USA, India, Singapore, Belgium and Australia. In 2012/13, 3 new strategic partnerships were established with countries outside Africa and in 2013/14, 4 such new strategic partnerships were established. This subprogramme had a staff complement of 18 in 2013/14.

## Expenditure estimates

**Table 38.18 International Water Cooperation**

Subprogramme	Audited outcome			Adjusted Appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
International Relation Management and Support	–	14.8	4.1	4.5	–	27.6%	8.2	8.6	9.7	28.8%	22.2%
Africa Cooperation	15.9	4.8	7.6	10.9	-11.9%	46.0%	11.5	12.9	19.1	20.6%	39.0%
Global Cooperation	–	1.3	11.3	10.0	–	26.5%	12.8	12.4	18.7	23.3%	38.7%
<b>Total</b>	<b>15.9</b>	<b>20.9</b>	<b>23.0</b>	<b>25.4</b>	<b>16.9%</b>	<b>100.0%</b>	<b>32.5</b>	<b>33.9</b>	<b>47.5</b>	<b>23.2%</b>	<b>100.0%</b>
Change to 2013 Budget estimate				–			1.0	1.3	3.3		
<b>Economic classification</b>											
<b>Current payments</b>	<b>15.3</b>	<b>19.7</b>	<b>21.7</b>	<b>23.6</b>	<b>15.6%</b>	<b>94.3%</b>	<b>30.7</b>	<b>31.0</b>	<b>44.5</b>	<b>23.6%</b>	<b>93.2%</b>
Compensation of employees	10.5	13.1	14.9	13.6	9.0%	61.2%	22.8	24.1	24.0	20.9%	60.6%
Goods and services	4.8	6.6	6.8	9.9	27.8%	33.0%	7.9	6.9	20.5	27.3%	32.5%
of which:											
Consultants and professional services: Business and advisory services	0.0	–	0.3	0.1	66.6%	0.5%	0.1	0.2	0.3	31.3%	0.5%
Operating leases	0.0	0.0	–	0.9	327.8%	1.0%	–	0.4	1.5	20.1%	2.0%
Travel and subsistence	3.7	3.8	4.4	4.1	3.7%	18.8%	6.3	4.4	14.1	50.7%	20.7%
Interest and rent on land	0.0	0.0	0.0	0.1	312.1%	0.1%	0.1	–	–	-100.0%	0.1%
<b>Transfers and subsidies</b>	<b>0.3</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>21.9%</b>	<b>2.6%</b>	<b>0.9</b>	<b>2.0</b>	<b>2.0</b>	<b>47.6%</b>	<b>4.0%</b>
Foreign governments and international organisations	0.3	0.7	0.6	0.6	31.3%	2.5%	0.9	2.0	2.0	47.7%	4.0%
Households	0.1	0.0	–	–	-100.0%	0.1%	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.5</b>	<b>0.6</b>	<b>1.2</b>	<b>57.8%</b>	<b>3.1%</b>	<b>0.8</b>	<b>0.9</b>	<b>1.0</b>	<b>-5.8%</b>	<b>2.8%</b>
Machinery and equipment	0.3	0.5	0.6	1.2	57.8%	3.1%	0.8	0.9	1.0	-5.8%	2.8%
<b>Total</b>	<b>15.9</b>	<b>20.9</b>	<b>23.0</b>	<b>25.4</b>	<b>16.9%</b>	<b>100.0%</b>	<b>32.5</b>	<b>33.9</b>	<b>47.5</b>	<b>23.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.2%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.2%</b>			<b>0.3%</b>	<b>0.2%</b>	<b>0.3%</b>		

## Personnel information

**Table 38.19 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Number of posts estimated for 31 March 2014		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
International Water Cooperation																			
Salary level	44	–	36	14.9	0.4	44	16.7	0.4	44	22.8	0.5	44	24.1	0.5	44	24.0	0.5	–	100.0%
1 – 6	2	–	2	0.1	0.1	1	0.1	0.1	2	0.4	0.2	2	0.4	0.2	2	0.4	0.2	26.0%	4.0%
7 – 10	24	–	20	4.9	0.2	24	6.0	0.2	24	8.3	0.3	24	8.9	0.4	24	8.4	0.3	–	54.5%
11 – 12	9	–	6	3.9	0.7	11	4.6	0.4	9	5.8	0.6	9	6.1	0.7	9	6.3	0.7	-6.5%	21.6%
13 – 16	9	–	8	6.0	0.7	8	6.0	0.7	9	8.3	0.9	9	8.6	1.0	9	8.9	1.0	4.0%	19.9%

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

2. Rand million.

## Expenditure trends

The spending focus over the medium term will be on forming and maintaining strategic relations with neighbouring countries and international organisations in line with South African foreign policy and the National Water Act (1998). This is expected to increase spending on travel and subsistence between 2013/14 and 2016/17, particularly due to the rollout of strategic initiatives in the rest of Africa. R23.6 million was reprioritised from the *Administration* programme to this programme to ensure that the department honours its international commitments, including participating in the activities of international organisations. Participation in these activities will ensure the facilitation of projects, such as the Lesotho Highlands Water Project and various other water infrastructure development programmes. The programme had a funded establishment of 44 posts, all of which were filled at the end of November 2013.

## Public entities and other agencies

### Consolidated water boards

#### Mandate and strategic goals

Water boards derive their mandate from the Water Services Act (1997) and are categorised as national government business enterprises in terms of schedule 3B of the Public Finance Management Act (1999). Water boards are mandated to provide water services to other water service institutions within its service area. Other activities include to: provide management services, training and other support services to water services institutions to promote cooperation in the provision of water services; supply untreated or non-potable water to end users who do not use the water for household purposes; provide catchment management services to or on behalf of the responsible authorities. With the approval of the water services authorities in their areas, the boards, accept industrial effluent, act as water service providers to consumers, provide water services in a joint venture with water services authorities, and perform water conservation functions.

The boards' strategic goals over the medium term are to:

- ensure that they continue to be viable and sustainable bulk water service providers
- ensure that all customers and stakeholders are satisfied
- improve business efficiencies and quality
- achieve transformation in the water sector.

## Selected performance indicators

Table 38.20 Consolidated Water Boards Volume of Bulk Treated Water Sales

Water Board	Outcome	Volume of bulk treated water sold (kl'000)						
		Past			Current	Projections		
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Amatola <sup>1</sup>	Outcome 6. An efficient, competitive and responsive economic infrastructure network	28 524	30 835	31 451	32 217	36 360	42 840	49 680
Bloem <sup>1</sup>		66 062	71 396	69 033	70 413	71 821	73 258	74 723
Botshelo		16 051	14 823	15 100	15 300	15 600	15 700	15 900
Bushbuckridge		27 055	28 840	36 756	38 508	40 406	42 596	44 421
Lepelle		95 254	94 565	94 025	118 312	126 652	141 069	141 279
Magalies		77 955	80 806	79 985	82 389	83 213	84 045	89 041
Mhlatuze <sup>1</sup>		44 919	43 981	39 912	65 335	65 335	65 335	65 335
Overberg		4 205	4 253	4 727	4 529	4 619	4 736	4 816
Pelladrift		4 520	4 459	4 520	6 630	6 749	6 749	6 749
Rand <sup>1</sup>		1 407 636	1 456 081	1 490 188	1 465 581	1 491 229	1 517 325	1 543 878
Sedibeng		86 224	90 215	95 773	105 716	111 548	113 007	114 565
Umgeni		415 427	417 782	416 550	419 881	424 780	431 151	435 953
<b>Total</b>		<b>2 273 832</b>	<b>2 338 036</b>	<b>2 378 020</b>	<b>2 424 811</b>	<b>2 478 311</b>	<b>2 537 811</b>	<b>2 586 339</b>

1. The historical values differ to the published in the 2013 ENE as this year's indicator include only bulk water sold and exclude raw and waste water volumes.

## Programmes/activities/objectives

Table 38.21 Consolidated water boards

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Administration	476	723	901	886	23.0%	100.0%	728	764	802	-3.3%	100.0%
<b>Total expense</b>	<b>476</b>	<b>723</b>	<b>901</b>	<b>886</b>	<b>23.0%</b>	<b>100.0%</b>	<b>728</b>	<b>764</b>	<b>802</b>	<b>-3.3%</b>	<b>100.0%</b>

## Expenditure estimates

Table 31.22 Consolidated water boards

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>10 253.1</b>	<b>12 221.0</b>	<b>13 509.3</b>	<b>15 112.5</b>	<b>13.8%</b>	<b>99.9%</b>	<b>16 337.5</b>	<b>17 616.3</b>	<b>19 302.6</b>	<b>8.5%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	9 616.0	11 294.5	12 734.0	14 264.3	14.0%	93.6%	15 491.5	16 699.3	18 356.3	8.8%	94.8%
of which:											
Administrative fees	19.9	13.5	10.9	11.8	-16.0%	0.1%	12.3	13.3	14.4	6.8%	0.1%
Sales of bulk water	9 596.1	11 281.0	12 723.1	14 252.5	14.1%	93.5%	15 479.2	16 686.0	18 341.9	8.8%	94.7%
Other non-tax revenue	637.1	926.5	775.3	848.1	10.0%	6.3%	846.0	917.0	946.4	3.7%	5.2%
<b>Transfers received</b>	<b>-</b>	<b>-</b>	<b>31.4</b>	<b>-</b>	<b>-</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue</b>	<b>10 257.9</b>	<b>12 221.0</b>	<b>13 540.6</b>	<b>15 112.5</b>	<b>13.8%</b>	<b>100.0%</b>	<b>16 337.5</b>	<b>17 616.3</b>	<b>19 302.6</b>	<b>8.5%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>9 135.8</b>	<b>10 312.5</b>	<b>11 928.9</b>	<b>13 200.0</b>	<b>13.1%</b>	<b>100.0%</b>	<b>14 105.7</b>	<b>14 820.8</b>	<b>16 948.4</b>	<b>8.7%</b>	<b>100.0%</b>
Compensation of employees	1 938.4	2 201.2	2 381.9	2 534.5	9.3%	20.4%	2 762.5	2 991.0	3 227.3	8.4%	19.5%
Goods and services	6 471.4	7 446.8	8 824.8	9 984.2	15.6%	73.2%	10 547.0	10 976.8	12 708.1	8.4%	74.9%
Depreciation	465.2	522.3	584.2	587.2	8.1%	4.9%	657.2	731.7	898.0	15.2%	4.8%
Interest, dividends and rent on land	260.8	142.3	138.1	94.1	-28.8%	1.5%	139.0	121.3	115.1	6.9%	0.8%
<b>Total expenses</b>	<b>9 135.8</b>	<b>10 312.5</b>	<b>11 928.9</b>	<b>13 200.0</b>	<b>13.1%</b>	<b>100.0%</b>	<b>14 105.7</b>	<b>14 820.8</b>	<b>16 948.4</b>	<b>8.7%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>1 122.0</b>	<b>1 909.0</b>	<b>1 612.0</b>	<b>1 912.0</b>	<b>19.4%</b>		<b>2 232.0</b>	<b>2 796.0</b>	<b>2 354.0</b>	<b>7.2%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	13 515.0	15 061.4	17 390.1	21 564.6	16.9%	70.3%	25 996.5	29 580.7	33 170.8	15.4%	80.2%
of which:											
Acquisition of assets	1 680.4	2 065.1	2 816.1	4 537.9	39.3%	11.2%	5 151.3	4 465.3	3 923.9	-4.7%	13.5%
Investments	2 312.1	2 586.5	2 763.4	2 318.6	0.1%	10.6%	1 599.0	1 272.2	935.3	-26.1%	4.7%
Inventory	103.4	227.6	110.9	118.1	4.5%	0.6%	124.4	132.0	138.2	5.4%	0.4%
Loans	6.9	5.9	5.8	5.8	-6.0%	0.0%	5.7	5.7	5.6	-1.0%	0.0%

**Table 31.22 Consolidated water boards**

Statement of financial position	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R million											
Accrued investment interest	14.0	25.2	0.0	0.0	-90.0%	0.0%	0.0	0.0	0.0	-	0.0%
Receivables and prepayments	1 791.5	2 233.9	2 495.3	2 524.8	12.1%	9.5%	2 549.0	2 759.9	2 890.4	4.6%	7.9%
Cash and cash equivalents	1 792.1	2 207.2	2 085.1	2 114.7	5.7%	8.7%	1 976.8	2 336.7	2 793.1	9.7%	6.7%
Non-current assets held for sale	59.8	41.5	13.5	13.5	-39.1%	0.1%	13.5	13.5	13.5	-	0.0%
Defined benefit plan assets	7.7	13.1	13.1	-	-100.0%	0.0%	-	-	-	-	-
Taxation	3.1	3.1	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Total assets</b>	<b>19 605.7</b>	<b>22 405.4</b>	<b>24 877.2</b>	<b>28 660.2</b>	<b>13.5%</b>	<b>100.0%</b>	<b>32 264.9</b>	<b>36 100.7</b>	<b>39 946.8</b>	<b>11.7%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	10 932.4	12 614.9	14 632.1	16 312.6	14.3%	56.9%	18 208.5	20 487.2	22 995.7	12.1%	56.9%
Capital and reserves	2 204.6	2 270.0	2 073.7	2 057.3	-2.3%	9.2%	2 081.9	2 132.4	2 162.9	1.7%	6.2%
Capital reserve fund	68.4	68.4	68.4	68.4	-0.0%	0.3%	68.4	68.4	68.4	0.0%	0.2%
Borrowings	2 655.0	2 780.6	3 441.9	5 967.6	31.0%	15.2%	7 503.8	8 835.4	9 787.8	17.9%	23.3%
Accrued interest	36.6	34.7	33.7	31.2	-5.2%	0.1%	28.6	26.5	25.2	-6.8%	0.1%
Deferred income	206.2	222.7	209.3	205.8	-0.1%	0.9%	203.3	201.6	200.0	-0.9%	0.6%
Trade and other payables	2 533.5	3 368.0	3 381.3	3 312.4	9.3%	13.3%	3 460.0	3 565.0	3 844.7	5.1%	10.4%
Taxation	1.7	1.7	0.7	0.8	-22.4%	0.0%	0.9	1.0	1.0	9.0%	0.0%
Provisions	884.2	761.8	920.4	639.6	-10.2%	3.5%	643.3	715.4	791.6	7.4%	2.0%
Managed funds (e.g. poverty alleviation fund)	36.4	11.6	-	-	-100.0%	0.1%	-	-	-	-	-
Derivatives financial instruments	46.7	271.1	115.7	64.6	11.4%	0.5%	66.2	67.9	69.5	2.5%	0.2%
<b>Total equity and liabilities</b>	<b>19 605.7</b>	<b>22 405.4</b>	<b>24 877.2</b>	<b>28 660.2</b>	<b>13.5%</b>	<b>100.0%</b>	<b>32 264.9</b>	<b>36 100.7</b>	<b>39 946.8</b>	<b>11.7%</b>	<b>100.0%</b>

## Expenditure trends

Revenue collected by the water boards is derived mainly from the sale of bulk water to water service authorities in their areas. Between 2010/11 and 2013/14, total revenue from the sale of bulk water increased, due to increases in the volume of water sold and annual increases in the water tariff. The average annual increases in the bulk water tariff ranged from 10 per cent to 12 per cent over this period. Over the medium term, revenue is expected to increase, due to tariff increases required to cover the cost of operations and capital infrastructure upgrades, and the projected increases in the volumes of water which are sold because of increased demand for water and because the water boards will be expanding their scope of operations into new areas.

The spending focus over the medium term will be on covering the operational costs of the water boards for the provision of bulk treated water, as well as capital spending on the infrastructure capacity required to meet the projected increases in water demand. In providing bulk treated water, the water boards' largest spending items are energy costs for pumping water, raw water costs, staff costs and chemical costs. Expenditure increased between 2010/11 and 2012/13 as a result of high energy costs related to electricity price increases and pumping requirements related to the volume of water and the distance over which water is pumped.

## Rand Water

### Mandate and goals

Rand Water was established in terms of the Water Services Act (1997) and is listed as a schedule 3B public entity of the Public Finance Management Act (1999). Its mandate is to provide water services, management services, training and other support services to water services institutions, to promote cooperation in the provision of water services; supply untreated or non-potable water to end users who do not use the water for household purposes; provide catchment management services to or on behalf of the responsible authorities; provide water services in a joint venture with water services authorities; and perform water conservation functions.

Rand Water's strategic goals over the medium term are to:

- ensure that it continues to be a viable, sustainable bulk water services provider that operates with integrity, uses best fit technology and achieves a high performance culture
- position itself as a partner of choice in water services by positively engaging with its stakeholders
- achieve transformation, growth in services and maintain financial health and sustainability.

## Selected performance indicators

Table 38.23 Rand Water

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
Net debt/equity ratio per year	Administration	Outcome 9: A responsive, accountable, effective and efficient local government system	0.14	0.30	0.20	0.40	0.50	0.30	0.30
Debt service ratio per year	Administration		4.40	4.30	9.00	3.90	4.40	4.80	4.70
Costs per kilolitre per year	Bulk water	Outcome 6: An efficient, competitive and responsive infrastructure network	3.71	4.30	4.60	5.40	6.00	5.80	6.20
Cost of debt	Administration	Outcome 9: A responsive, accountable, effective and efficient local government system	10%	10%	11%	11%	11%	11%	11%

## Programmes/activities/objectives

Table 38.24 Rand Water

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
Administration	963.6	1 080.0	1 139.7	1 277.2	9.8%	16.6%	1 699.9	2 088.2	2 537.6	25.7%	20.5%
Bulk water	4 617.3	5 277.1	5 692.7	6 208.0	10.4%	80.9%	6 606.6	7 033.7	7 463.0	6.3%	75.2%
Secondary activities	–	–	377.0	366.7	–	2.5%	372.9	394.5	416.6	4.3%	4.3%
<b>Total expense</b>	<b>5 580.9</b>	<b>6 357.1</b>	<b>7 209.4</b>	<b>7 851.9</b>	<b>12.1%</b>	<b>100.0%</b>	<b>8 679.4</b>	<b>9 516.5</b>	<b>10 417.2</b>	<b>9.9%</b>	<b>100.0%</b>

## Expenditure estimates

Table 38.25 Rand Water

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>6 112.1</b>	<b>7 135.6</b>	<b>8 137.9</b>	<b>8 924.7</b>	<b>13.4%</b>	<b>100.0%</b>	<b>9 904.6</b>	<b>10 944.8</b>	<b>12 066.8</b>	<b>10.6%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	5 891.1	6 838.5	7 691.4	8 373.2	12.4%	95.1%	9 342.1	10 338.5	11 414.1	10.9%	94.3%
of which:											
Sales of bulk water	5 891.1	6 838.5	7 691.4	8 373.2	12.4%	95.1%	9 342.1	10 338.5	11 414.1	10.9%	94.3%
Other non-tax revenue	221.0	297.1	446.5	551.5	35.6%	4.9%	562.5	606.3	652.7	5.8%	5.7%
<b>Total revenue</b>	<b>6 112.0</b>	<b>7 135.6</b>	<b>8 137.9</b>	<b>8 924.7</b>	<b>13.4%</b>	<b>100.0%</b>	<b>9 904.6</b>	<b>10 944.8</b>	<b>12 066.8</b>	<b>10.6%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>5 580.9</b>	<b>6 357.1</b>	<b>7 209.4</b>	<b>7 851.9</b>	<b>12.1%</b>	<b>100.0%</b>	<b>8 679.4</b>	<b>9 516.5</b>	<b>10 417.2</b>	<b>9.9%</b>	<b>100.0%</b>
Compensation of employees	1 056.0	1 264.9	1 370.7	1 415.1	10.2%	19.0%	1 535.3	1 664.3	1 787.5	8.1%	17.6%
Goods and services	4 245.3	4 876.0	5 608.9	6 188.9	13.4%	77.3%	6 831.7	7 480.8	8 203.3	9.8%	78.7%
Depreciation	200.8	211.9	229.8	247.9	7.3%	3.3%	312.3	371.4	426.4	19.8%	3.7%
Interest, dividends and rent on land	78.8	4.3	–	–	-100.0%	0.4%	–	–	–	–	–
<b>Total expenses</b>	<b>5 580.9</b>	<b>6 357.1</b>	<b>7 209.4</b>	<b>7 851.9</b>	<b>12.1%</b>	<b>100.0%</b>	<b>8 679.4</b>	<b>9 516.5</b>	<b>10 417.2</b>	<b>9.9%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>536.0</b>	<b>778.0</b>	<b>928.0</b>	<b>1 073.0</b>	<b>26.0%</b>		<b>1 225.0</b>	<b>1 428.0</b>	<b>1 650.0</b>	<b>15.4%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	7 340.8	8 597.8	10 094.2	12 812.3	20.4%	81.0%	15 454.0	18 063.2	20 554.4	17.1%	87.2%
of which:											
Acquisition of assets	1 011.4	1 360.5	1 649.6	2 594.0	36.9%	13.4%	2 602.3	2 527.0	2 389.0	-2.7%	13.6%
Investments	40.4	–	300.9	–	-100.0%	0.7%	–	–	–	–	–
Inventory	51.3	176.4	239.4	60.6	5.7%	1.1%	64.0	67.7	71.5	5.7%	0.4%
Loans	6.9	5.9	5.4	5.8	-5.9%	0.1%	5.7	5.7	5.6	-1.0%	0.0%
Receivables and prepayments	708.2	853.7	1 104.9	1 008.1	12.5%	7.8%	1 058.3	1 162.3	1 277.6	8.2%	6.0%
Cash and cash equivalents	930.6	1 327.5	863.9	1 256.5	10.5%	9.4%	1 017.2	1 193.8	1 397.4	3.6%	6.5%
Non-current assets held for sale	2.0	1.3	1.8	–	-100.0%	0.0%	–	–	–	–	–
Taxation	3.1	3.1	–	–	-100.0%	0.0%	–	–	–	–	–
<b>Total assets</b>	<b>9 083.3</b>	<b>10 965.6</b>	<b>12 610.4</b>	<b>15 143.3</b>	<b>18.6%</b>	<b>100.0%</b>	<b>17 599.1</b>	<b>20 492.6</b>	<b>23 306.5</b>	<b>15.5%</b>	<b>100.0%</b>

Table 38.25 Rand Water

Statement of financial position	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R million											
Accumulated surplus/(deficit)	6 756.3	7 534.4	8 511.7	9 583.7	12.4%	68.5%	10 809.0	12 237.3	13 886.9	13.2%	61.0%
Borrowings	645.5	984.6	1 514.6	3 391.9	73.9%	12.6%	4 495.0	5 858.1	6 927.1	26.9%	26.6%
Deferred income	78.6	102.4	182.2	103.0	9.4%	1.0%	108.7	115.0	121.5	5.7%	0.6%
Trade and other payables	1 327.4	1 793.4	2 022.3	2 010.7	14.8%	15.1%	2 128.5	2 220.3	2 304.6	4.7%	11.5%
Taxation	1.7	1.7	2.0	-	-100.0%	0.0%	-	-	-	-	-
Provisions	273.8	293.8	325.4	-	-100.0%	2.1%	-	-	-	-	-
Derivatives financial instruments	-	255.3	52.2	54.0	-	0.8%	57.8	61.9	66.3	7.1%	0.3%
<b>Total equity and liabilities</b>	<b>9 083.3</b>	<b>10 965.6</b>	<b>12 610.4</b>	<b>15 143.3</b>	<b>18.6%</b>	<b>100.0%</b>	<b>17 599.1</b>	<b>20 492.6</b>	<b>23 306.5</b>	<b>15.5%</b>	<b>100.0%</b>

## Personnel information

Table 38.26 Rand Water

Salary level	Number of funded posts	Number of posts on approved establishment	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		2013/14 - 2016/17
			Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost	
-	3 311		3 194	998.7	0.3	3 311	1 124.6	0.3	3 311	1 220.2	0.4	3 194	1 268.6	0.4	3 194	1 362.4	0.4	6.6%	100.0%
7 – 10	-	1 662	1 630	273.8	0.2	1 662	301.2	0.2	1 662	326.8	0.2	1 630	347.8	0.2	1 630	373.6	0.2	7.4%	50.6%
11 – 12	-	697	657	181.8	0.3	697	208.3	0.3	697	226.0	0.3	657	230.9	0.4	657	248.0	0.4	6.0%	20.8%
13 – 16	-	952	907	543.1	0.6	952	615.1	0.6	952	667.3	0.7	907	689.8	0.8	907	740.8	0.8	6.4%	28.6%

1. Rand million.

## Expenditure trends

Rand Water derives its income primarily from the sale of bulk water in Gauteng and parts of Mpumalanga, Free State and North West. Between 2010/11 and 2013/14, revenue grew at an average rate of 13.4 per cent mainly due to tariff increases over the medium term, projected tariff increases average 5 per cent and thus revenue is expected to grow at a slower pace over this period. Rand Water continues to benefit from the work that is under way to further develop new revenue streams, such as waste water treatment, which contributed to the growth in other non-tax revenue between 2010/11 and 2013/14.

The spending focus over the medium term will be on implementing initiatives that improve internal efficiencies to reduce operational costs. This includes reducing chemical, power and pumping costs. These initiatives are expected to decrease the rate of growth in spending on goods and services, from 13.4 per cent between 2010/11 and 2013/14 to 9.8 per cent over the medium term. Between 2010/11 and 2012/13, expenditure increased, due to the increase in the cost of electricity required to pump water. Energy efficiency measures, such as the optimisation of the hydraulic system and the maximisation of off-peak pumping have limited the total cost increases. In 2012/13, capital spending on infrastructure was R1.6 billion and is projected to average R2.5 billion per year over the medium term, which is the reason for the growth in depreciation over the medium term. Capital expenditure will be partially funded through internal resources, in the form of accumulated profits and cash reserves, after providing for liquidity requirements. Additional funding requirements are met by raising funds in the debt capital market and other sources. The board had a funded establishment of 3 311 posts, with no vacancies, at the end of November 2013.

## Trans-Caledon Tunnel Authority

### Mandate and goals

The Trans-Caledon Tunnel Authority was established in 1986 in terms of the Water Act (1956) read together with section 108 of the National Water Act (1998). As a specialised liability management entity, it finances and implements bulk raw water infrastructure within an acceptable risk framework and in the most cost-effective way to benefit water consumers. The authority also plays an important role as an advisor in the water sector in

the areas of project initiation, the restructuring of treasury activities and the review of water tariffing methodologies.

The authority's strategic goals over the medium term are to:

- participate in key water sector initiatives, which are focused on the sustainability of the water sector
- contribute to the development of knowledge in the sector
- implement projects in support of the government's transformation agenda.
- raise finance for the construction of infrastructure and manage debt in the most effective way
- construct infrastructure on time, within budget and in line with appropriate standards and in a sustainable manner
- build and maintain human capital that is fully empowered to deliver on the vision and mission of the organisation.

## Selected performance indicators

**Table 38.27 Trans-Caledon Tunnel Authority**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage of Spring Grove Dam completed <sup>1</sup>	Mooi Mgeni transfer scheme	Outcome 6: An efficient, competitive and responsive infrastructure network	9%	29%	50%	100%	- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>
Percentage of 14.5 km pipeline completed <sup>1</sup>	Mooi Mgeni transfer scheme		- <sup>3</sup>	- <sup>3</sup>	3%	10%	95%	100%	- <sup>3</sup>
Percentage of 14.5 km pipeline refurbished <sup>1</sup>	Mooi Mgeni transfer scheme		- <sup>4</sup>	- <sup>4</sup>	1%	80%	100%	- <sup>4</sup>	- <sup>4</sup>
Percentage of 40 km pipeline completed	Olifants River water resource development project		4%	17%	42%	60%	100%	- <sup>5</sup>	- <sup>5</sup>
Percentage of 58.6 km pipeline completed	Komati water scheme augmentation project		23%	59%	89%	100%	- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>
Percentage of 43 km pipeline completed	Mokolo Crocodile water augmentation project		8%	26%	31%	81%	100%	- <sup>5</sup>	- <sup>5</sup>
Percentage of 160 km pipeline completed	Mokolo Crocodile water augmentation project		- <sup>6</sup>	- <sup>6</sup>	- <sup>6</sup>	- <sup>6</sup>	20%	40%	60%
Western basin: Percentage of upgrade of existing plant completed	Acid mine drainage		- <sup>7</sup>	3%	100%	- <sup>7</sup>	- <sup>7</sup>	- <sup>7</sup>	- <sup>7</sup>
Central basin: Percentage of construction of new plant completed	Acid mine drainage		- <sup>4</sup>	- <sup>4</sup>	10%	95%	100%	- <sup>4</sup>	- <sup>4</sup>
Eastern basin: Percentage of construction of new plant completed	Acid mine drainage		- <sup>8</sup>	- <sup>8</sup>	- <sup>8</sup>	- <sup>8</sup>	90%	100%	- <sup>8</sup>

1. These indicators were published as consolidated figures in the 2013 ENE.

2. This project ended in 2013/14.

3. This project began in 2012/13 and will end in 2015/16.

4. This project will begin in 2012/13 and end in 2014/15.

5. This project will end in 2014/15.

6. This project will start in 2014/15.

7. This project began in 2011/12 and ended in 2012/13.

8. This project will begin in 2014/15 and will end in 2015/16.

## Programmes/activities/objectives

**Table 38.28 Trans-Caledon Tunnel Authority**

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
Lesotho highlands	3 533.5	2 747.6	2 940.5	3 232.5	-2.9%	57.6%	4 415.4	4 349.0	4 579.4	12.3%	54.7%
Berg water project (BWP)	128.1	254.1	93.2	94.0	-9.8%	2.7%	74.2	61.2	64.5	-11.8%	1.0%
Vaal River Eastern Subsystem Augmentation Project (VRESAP)	406.1	794.4	396.0	234.3	-16.7%	8.8%	344.3	347.0	365.3	16.0%	4.3%
Mooi Mgeni Transfer Scheme (MMTS)	98.5	315.5	580.2	576.6	80.2%	6.7%	369.3	178.8	188.2	-31.1%	4.3%
Olifants river water resource development project (ORWRDP)	67.8	100.6	456.9	1 314.8	168.6%	7.4%	1 973.7	1 644.8	1 732.0	9.6%	21.9%
Komati water scheme augmentation Project (KWSAP)	94.6	510.8	444.5	244.2	37.2%	5.9%	133.4	132.5	139.5	-17.0%	2.2%

Table 38.28 Trans-Caledon Tunnel Authority

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Mokolo crocodile water augmentation project (MCWAP)	104.0	277.7	561.9	780.5	95.8%	7.1%	429.4	207.4	218.4	-34.6%	5.4%
Acid mine drainage (AMD)	-	80.4	97.0	898.8	-	3.9%	1 010.5	73.1	77.0	-55.9%	6.5%
<b>Total expense</b>	<b>4 432.7</b>	<b>5 081.0</b>	<b>5 570.3</b>	<b>7 375.9</b>	<b>18.5%</b>	<b>100.0%</b>	<b>8 750.3</b>	<b>6 993.8</b>	<b>7 364.5</b>	<b>-0.1%</b>	<b>100.0%</b>

## Expenditure estimates

Table 38.29 Trans-Caledon Tunnel Authority

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>4 148.5</b>	<b>4 676.6</b>	<b>4 872.0</b>	<b>7 272.6</b>	<b>20.6%</b>	<b>100.0%</b>	<b>8 103.8</b>	<b>6 390.9</b>	<b>6 729.6</b>	<b>-2.6%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	1 341.0	2 301.0	2 793.5	5 102.7	56.1%	52.3%	6 355.7	4 659.2	4 906.1	-1.3%	73.6%
<i>of which:</i>											
Sales of bulk water	1 341.0	2 301.0	2 793.5	5 102.7	56.1%	52.3%	6 355.7	4 659.2	4 906.1	-1.3%	73.6%
Other non-tax revenue	2 807.5	2 375.6	2 078.6	2 169.9	-8.2%	47.7%	1 748.0	1 731.7	1 823.5	-5.6%	26.4%
<b>Total revenue</b>	<b>4 148.5</b>	<b>4 676.6</b>	<b>4 872.0</b>	<b>7 272.6</b>	<b>20.6%</b>	<b>100.0%</b>	<b>8 103.8</b>	<b>6 390.9</b>	<b>6 729.6</b>	<b>-2.6%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>4 432.7</b>	<b>5 081.0</b>	<b>5 570.3</b>	<b>7 375.9</b>	<b>18.5%</b>	<b>100.0%</b>	<b>8 750.3</b>	<b>6 993.8</b>	<b>7 364.5</b>	<b>-0.1%</b>	<b>100.0%</b>
Compensation of employees	119.1	123.5	122.0	170.0	12.6%	2.4%	181.0	192.8	203.0	6.1%	2.5%
Goods and services	1 323.8	2 418.1	2 760.2	5 002.8	55.8%	48.7%	6 106.7	4 384.9	4 617.3	-2.6%	65.8%
Depreciation	4.3	5.1	8.5	9.2	28.7%	0.1%	9.8	10.5	11.0	6.1%	0.1%
Interest, dividends and rent on land	2 985.4	2 534.3	2 679.6	2 193.9	-9.8%	48.8%	2 452.7	2 405.7	2 533.2	4.9%	31.6%
<b>Total expenses</b>	<b>4 432.7</b>	<b>5 081.0</b>	<b>5 570.3</b>	<b>7 375.9</b>	<b>18.5%</b>	<b>100.0%</b>	<b>8 750.3</b>	<b>6 993.8</b>	<b>7 364.5</b>	<b>-0.1%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>(284.0)</b>	<b>(404.0)</b>	<b>(698.0)</b>	<b>(103.0)</b>	<b>-28.7%</b>		<b>(647.0)</b>	<b>(603.0)</b>	<b>(635.0)</b>	<b>83.4%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	7.7	8.1	6.9	36.6	68.1%	0.0%	34.1	42.7	42.7	5.3%	0.1%
<i>of which:</i>											
Acquisition of assets	6.0	6.0	3.8	-	-100.0%	0.0%	-	-	-	-	-
Investments	3 144.3	1 419.7	3 126.0	3 276.4	1.4%	8.1%	4 569.1	6 786.0	6 786.0	27.5%	14.2%
Receivables and prepayments	30 131.6	30 747.7	30 274.7	32 240.7	2.3%	91.8%	32 515.2	31 455.9	31 455.9	-0.8%	85.7%
Cash and cash equivalents	1.1	-	-	-	-100.0%	0.0%	-	-	-	-	-
Taxation	10.7	40.7	15.0	-	-100.0%	0.1%	-	-	-	-	-
Derivatives financial instruments	9.3	4.3	4.4	-	-100.0%	0.0%	-	-	-	-	-
<b>Total assets</b>	<b>33 304.7</b>	<b>32 220.6</b>	<b>33 427.0</b>	<b>35 553.7</b>	<b>2.2%</b>	<b>100.0%</b>	<b>37 118.4</b>	<b>38 284.6</b>	<b>38 284.6</b>	<b>2.5%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	5 978.6	5 575.5	4 876.6	5 594.5	-2.2%	16.4%	4 948.0	4 345.1	4 345.1	-8.1%	12.9%
Borrowings	25 952.2	24 625.2	26 437.0	29 028.0	3.8%	78.8%	31 110.7	33 551.5	33 551.5	4.9%	85.2%
Trade and other payables	916.3	1 640.0	1 719.5	931.1	0.5%	3.9%	1 040.3	388.2	388.2	-25.3%	1.9%
Taxation	74.6	81.7	110.9	-	-100.0%	0.2%	-	-	-	-	-
Provisions	41.2	40.2	24.9	-	-100.0%	0.1%	-	-	-	-	-
Derivatives financial instruments	341.9	258.0	258.0	-	-100.0%	0.6%	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>33 304.7</b>	<b>32 220.6</b>	<b>33 427.0</b>	<b>35 553.7</b>	<b>2.2%</b>	<b>100.0%</b>	<b>37 099.0</b>	<b>38 284.8</b>	<b>38 284.8</b>	<b>2.5%</b>	<b>100.0%</b>

## Personnel information

**Table 38.30 Trans-Caledon Tunnel Authority**

Salary level	Number of funded posts	Number of posts estimated for 31 March 2014	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total Average (%)
			2012/13			2013/14			2014/15			2015/16			2016/17			2013/14 - 2016/17	
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
	-	192	175	122.0	0.7	192	170.0	0.9	192	181.0	0.9	192	192.8	1.0	192	203.0	1.1	6.1%	100.0%
1 – 6	-	1	2	0.2	0.1	1	0.1	0.1	1	0.2	0.2	1	0.2	0.2	-	-	-	-100.0%	0.4%
7 – 10	-	33	34	8.2	0.2	33	7.5	0.2	32	8.8	0.3	30	8.6	0.3	25	7.1	0.3	-1.6%	15.6%
11 – 12	-	44	44	17.5	0.4	44	16.8	0.4	39	18.8	0.5	36	17.3	0.5	38	17.9	0.5	2.1%	20.4%
13 – 16	-	77	83	70.0	0.8	77	74.7	1.0	78	78.5	1.0	82	88.8	1.1	82	85.6	1.0	4.6%	41.5%
17 – 22	-	37	12	26.1	2.2	37	70.9	1.9	42	74.7	1.8	43	77.9	1.8	47	92.4	2.0	9.3%	22.0%

1. Rand million.

### Expenditure trends

The Trans-Caledon Tunnel Authority's revenue increased from R4.1 billion in 2010/11 to R7.3 billion in 2013/14, as a result of increased construction activities on projects, which led to tariff revenue being received from the department for those projects that had been completed. The increase in construction activities over the same period, particularly for the Olifants River water resource development project, the acid mine drainage project, the Mokolo-Crocodile water augmentation project and the Mooi-Mgeni transfer scheme, also increased expenditure, from R4.4 billion in 2010/11 to R7.4 billion in 2013/14. Over the medium term, revenue is expected to increase and will be used to invest in capital infrastructure to increase and expand the provision of bulk water and sanitation services

The spending focus over the medium term will be on implementing capital projects, servicing current debts, and appointing consultants services to various projects. Expenditure is expected to grow at a slower rate over the medium term as projects near completion.

The authority had an establishment of 192 approved funded posts, all of which were filled at the end of November 2013. Personnel numbers are expected to remain at this level over the medium term. Increases in spending on compensation of employees over this period provide for inflation related adjustments to personnel costs.

### Umgeni Water

#### Mandate and goals

Umgeni Water was established in 1974 to provide water services to six municipalities in its operational area in KwaZulu-Natal. The organisation operates in accordance with the Water Services Act (1997).

The entity's strategic goals over the medium term are to:

- develop strategic partnerships, increase support to customers, improve visibility and be a regional leader in the provision of bulk water and sanitation services
- expand and improve funding collaborations while managing key cost drivers
- remove system constraints and blockages through innovative thinking and improve efficiency of all inputs
- strengthen and develop quality human resources, infrastructure capacity and water resources sustainability to support growth.

## Selected performance indicators

Table 38.31 Umgeni Water

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Debt service ratio per year <sup>1</sup>	Bulk activities	Outcome 9: A responsive, accountable, effective and efficient local government system	3.1	4.5	4.5	5.2	6.4	8.2	8.2
Costs per kilolitre per year <sup>1</sup>	Bulk activities		R2.41	R2.34	R2.96	R4.50	R4.24	R4.49	R4.74
Debtors collection period (days)	Bulk activities		41	30	37	40	41	40	40
Weighted average cost of capital	Bulk activities		9%	9%	9%	9%	10%	10%	10%
Total capital infrastructure expenditure	Bulk activities		R379m	R486m	R643m	R975m	R1 203m	R1 261m	R986m

1. The numbers published in the 2013 ENE were incorrect, hence historical numbers have changed.

## Programmes/activities/objectives

Table 38.32 Umgeni Water

R million	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	338.2	306.9	351.7	380.5	4.0%	22.7%	463.5	399.5	399.5	1.6%	20.5%
Bulk activities	754.1	769.8	959.8	1 163.6	15.6%	59.5%	1 416.3	1 220.7	1 220.7	1.6%	62.7%
Waste water	41.3	50.0	55.1	56.1	10.8%	3.3%	64.7	62.9	60.2	2.4%	3.0%
Other activities	207.4	284.0	319.5	56.1	-35.3%	14.5%	(86.8)	281.5	1 220.7	179.2%	13.8%
<b>Total expense</b>	<b>1 341.0</b>	<b>1 410.6</b>	<b>1 686.1</b>	<b>1 656.3</b>	<b>7.3%</b>	<b>100.0%</b>	<b>1 857.7</b>	<b>1 964.6</b>	<b>2 901.1</b>	<b>20.5%</b>	<b>100.0%</b>

## Expenditure estimates

Table 38.33 Umgeni Water

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>1 769.4</b>	<b>2 001.9</b>	<b>2 159.2</b>	<b>2 353.9</b>	<b>10.0%</b>	<b>100.0%</b>	<b>2 282.0</b>	<b>2 423.5</b>	<b>2 603.5</b>	<b>3.4%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	1 660.9	1 847.2	2 067.0	2 287.5	11.3%	94.8%	2 231.5	2 389.7	2 587.0	4.2%	98.2%
<i>of which:</i>											
<i>Sales by market establishment</i>	1 660.9	1 847.2	2 067.0	2 287.5	11.3%	94.8%	2 231.5	2 389.7	2 587.0	4.2%	98.2%
Other non-tax revenue	108.5	154.8	92.3	66.4	-15.1%	5.2%	50.5	33.9	16.4	-37.2%	1.8%
<b>Total revenue</b>	<b>1 769.4</b>	<b>2 001.9</b>	<b>2 159.2</b>	<b>2 353.9</b>	<b>10.0%</b>	<b>100.0%</b>	<b>2 282.0</b>	<b>2 423.5</b>	<b>2 603.5</b>	<b>3.4%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>1 341.0</b>	<b>1 410.6</b>	<b>1 686.1</b>	<b>1 656.3</b>	<b>7.3%</b>	<b>100.0%</b>	<b>1 857.7</b>	<b>1 964.6</b>	<b>2 901.1</b>	<b>20.5%</b>	<b>100.0%</b>
Compensation of employees	289.1	320.7	371.4	423.5	13.6%	23.0%	463.6	511.1	553.5	9.3%	23.9%
Goods and services	850.5	915.8	1 161.9	1 105.5	9.1%	66.0%	1 215.1	1 278.2	2 069.1	23.2%	67.1%
Depreciation	87.1	89.6	86.9	104.7	6.3%	6.1%	108.3	115.5	216.1	27.3%	6.4%
Interest, dividends and rent on land	114.2	84.6	65.9	22.7	-41.7%	4.9%	70.7	59.8	62.4	40.2%	2.6%
<b>Total expenses</b>	<b>1 341.0</b>	<b>1 410.6</b>	<b>1 686.1</b>	<b>1 656.3</b>	<b>7.3%</b>	<b>100.0%</b>	<b>1 857.7</b>	<b>1 964.6</b>	<b>2 901.1</b>	<b>20.5%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>428.0</b>	<b>591.0</b>	<b>473.0</b>	<b>698.0</b>	<b>17.7%</b>		<b>424.0</b>	<b>459.0</b>	<b>(298.0)</b>	<b>-175.3%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	2 883.8	3 112.3	3 424.5	4 152.9	12.9%	61.8%	4 984.8	5 678.9	6 548.3	16.4%	80.1%
<i>of which:</i>											
<i>Acquisition of assets</i>	379.3	485.6	566.3	976.0	37.0%	10.8%	1 204.2	1 261.8	986.3	0.4%	16.8%
Investments	1 546.8	1 811.4	2 063.5	1 636.2	1.9%	32.4%	1 075.9	732.5	336.9	-40.9%	14.8%
Inventory	8.9	9.0	9.2	9.4	2.0%	0.2%	9.6	9.9	10.1	2.4%	0.1%
Accrued investment interest	13.9	25.2	0.0	0.0	-90.0%	0.2%	0.0	0.0	0.0	-	0.0%
Receivables and prepayments	214.8	205.7	272.1	299.1	11.7%	4.5%	298.5	311.0	334.2	3.8%	4.7%
Cash and cash equivalents	102.1	11.6	1.9	1.0	-78.7%	0.6%	1.3	2.9	3.6	53.8%	0.0%
Non-current assets held for sale	14.5	13.5	13.5	13.5	-2.3%	0.3%	13.5	13.5	13.5	-	0.2%
<b>Total assets</b>	<b>4 784.7</b>	<b>5 188.6</b>	<b>5 784.8</b>	<b>6 112.1</b>	<b>8.5%</b>	<b>100.0%</b>	<b>6 383.6</b>	<b>6 748.6</b>	<b>7 246.6</b>	<b>5.8%</b>	<b>100.0%</b>

Table 38.33 Umgeni Water

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million					2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Accumulated surplus/(deficit)	2 073.6	2 664.9	3 138.1	3 480.5	18.8%	51.5%	3 894.9	4 343.9	4 839.3	11.6%	62.3%
Capital and reserves	442.8	442.8	442.8	442.8	–	8.2%	442.8	442.8	442.8	–	6.7%
Borrowings	1 372.8	1 257.1	1 388.4	1 311.3	-1.5%	24.6%	1 181.5	1 047.4	997.2	-8.7%	17.3%
Accrued interest	36.6	34.7	33.7	31.2	-5.2%	0.6%	28.6	26.5	25.2	-6.8%	0.4%
Trade and other payables	558.4	399.1	304.7	299.7	-18.7%	7.4%	289.7	279.7	269.7	-3.5%	4.3%
Provisions	284.9	377.5	464.7	536.0	23.5%	7.5%	537.6	602.4	669.3	7.7%	8.8%
Derivatives financial instruments	15.6	12.5	12.5	10.6	-12.3%	0.2%	8.4	5.9	3.2	-33.2%	0.1%
<b>Total equity and liabilities</b>	<b>4 784.7</b>	<b>5 188.6</b>	<b>5 784.8</b>	<b>6 112.1</b>	<b>8.5%</b>	<b>100.0%</b>	<b>6 383.6</b>	<b>6 748.6</b>	<b>7 246.6</b>	<b>5.8%</b>	<b>100.0%</b>

## Personnel information

Table 38.34 Umgeni Water

Salary level	Number of posts estimated for 31 March 2014		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
	1 075	1 075	844	364.9	0.4	997	414.9	0.4	1 083	454.0	0.4	1 101	500.1	0.5	1 101	541.4	0.5	9.3%	100.0%
1 – 6	287	287	323	74.1	0.2	244	68.9	0.3	289	75.1	0.3	295	82.3	0.3	295	88.8	0.3	8.8%	26.2%
7 – 10	672	672	439	217.6	0.5	637	248.2	0.4	678	271.4	0.4	687	298.8	0.4	687	323.2	0.5	9.2%	62.8%
11 – 12	107	107	72	58.7	0.8	107	86.7	0.8	107	95.2	0.9	110	105.1	1.0	110	114.0	1.0	9.5%	10.1%
13 – 16	9	9	10	14.5	1.5	9	11.1	1.2	9	12.4	1.4	9	13.9	1.5	9	15.2	1.7	11.1%	0.8%

1. Rand million.

## Expenditure trends

Umgeni Water's main source of revenue is from the sale of potable bulk water. The significant growth in revenue in 2012/2013 was due to the inclusion of the capital unit charge for Spring Grove Dam, which was charged on behalf of the department and is offset by the related raw water cost. Over the medium term, the growth in the volume of bulk water sales is expected to be low due to initiatives to reduce and manage demand, thus the projected increases in revenue over the period will be derived mainly from tariff increases.

The spending focus over the medium term will continue to be on maintaining and increasing bulk water services by rolling out the capital infrastructure programme and carrying out maintenance projects on existing infrastructure. The infrastructure projects are partially funded from interest bearing loans, which are expected to increase over the medium term to allow the entity to meet its capital and operating expenditure requirements. This is expected to increase expenditure on interest over the period.

Between 2010/11 and 2013/14, spending on goods and services increased due to: rising raw water costs, which increased in 2012/13 by 221 per cent due to the introduction of the capital unit charge for the Spring Grove Dam; an increase in expenditure on chemicals caused by an increase in the amounts needed to treat poor quality water, and an increase in energy costs, due to a combination of an energy tariff increase and the additional pumping that will be required as new schemes become operational.

The entity had a funded establishment of 1 075 posts, of which 78 were vacant at the end of November 2013. Vacancies are as a result of additional posts created for operational requirements for bulk infrastructure and to operate new schemes, and the board is still in the process of recruiting staff.

## Water trading entity

### Mandate and goals

A water trading account was established in 1983 to separate departmental revenue collected through the sale of bulk water and related services from appropriated funds. The trading account was amended by the Public Finance Management Act (1999), under which it became the water trading entity in 2008. The rationale was to

create an entity that would manage the recovery of usage costs to ensure the long term sustainability of South Africa's water resources.

The entity has two components: water resources management and infrastructure management. The water resources management component oversees the management of water quality, conservation and the allocation of water through catchment management agencies. The infrastructure component oversees the operations and maintenance of existing water infrastructure as well as the development of new infrastructure.

The entity's strategic goals over the medium term are to:

- establish appropriate governance structures
- strengthen financial management
- build organisational capacity to ensure that the entity operates economically and efficiently and provides water in an equitable and sustainable manner.

## Selected performance indicators

**Table 38.35 Water Trading Entity**

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage of actual billing versus planned billing	Administration	Outcome 12: An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship Outcome	-1	92%	99%	100%	100%	100%	100%
Percentage of reduction in outstanding debt over 60 days	Administration		-1	15%	35%	36%	40%	50%	60%
Total number of water conveyance projects rehabilitated	Operations, maintenance and refurbishment of national water resources schemes	Outcome 6: An efficient, competitive and responsive infrastructure network	11	2	7	20	32	44	56
Percentage spent on refurbishment and betterment of water resources infrastructure against budget	Operations, maintenance and refurbishment of national water resources schemes		53%	52%	55%	70%	98%	100%	100%
Percentage completion on the construction of Olifants River water resources development project phase 2A (De Hoop dam and related infrastructure) as outlined in the original and approved project implementation plan	Implementation of new water resources infrastructure		72%	86%	95%	99%	100%	-2	-2
Percentage completion on the construction of Olifants River water resources development project phase 2C (bulk distribution system) as outlined in the original and approved project implementation plan	Implementation of new water resources infrastructure		3%	5%	18%	50%	80%	95%	100%
Percentage completion on construction of Nwamitwa Dam as outlined in the original and approved project implementation plan	Implementation of new water resources infrastructure		-4	-4	5%	10%	15%	30%	50%
Percentage completion on construction of raising Tzaneen Dam as outlined in the original and approved project implementation plan	Implementation of new water resources infrastructure		-4	-4	5%	25%	35%	70%	100%
Percentage completion on construction of raising Clanwilliam Dam wall as outlined in the original and approved project implementation plan	Implementation of new water resources infrastructure		-3	1%	8%	20%	58%	80%	90%

Table 38.35 Water Trading Entity

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage completion on construction of raising Hazelmere Dam wall as outlined in the original and approved project implementation plan	Implementation of new water resources infrastructure	Outcome 6: An efficient, competitive and responsive infrastructure network	8%	10%	42%	50%	75%	90%	100%
Percentage completion on project plan of Olifants River water resources development project phase 2b (bulk distribution system) as outlined in the original and approved project implementation plan	Bulk water supply to strategic users		- <sup>5</sup>	- <sup>5</sup>	- <sup>5</sup>	- <sup>5</sup>	5%	10%	20%
Percentage completion on project plan of Olifants River water resources development project phase 2d (bulk distribution system) as outlined in the original and approved project implementation plan	Bulk water supply to strategic users		- <sup>5</sup>	- <sup>5</sup>	- <sup>5</sup>	- <sup>5</sup>	5%	40%	90%
Percentage completion on construction of phase 1 of Mokolo River augmentation as outlined in the original and approved project implementation plan	Bulk water supply to strategic users		10%	12%	36%	60%	90%	95%	100%
Percentage completion on project plan of phase 2A of Mokolo River augmentation as outlined in the original and approved project implementation plan	Bulk water supply to strategic users		- <sup>5</sup>	- <sup>5</sup>	- <sup>5</sup>	- <sup>5</sup>	5%	10%	20%
Total number of dam safety rehabilitation projects completed	Implementation of dam safety projects		25	30	35	39	45	49	55

1. This indicator was measured from 2011/12.

2. Project is expected to be completed by 2014/15.

3. Project construction began in 2011/12.

4. Project construction began in 2012/13.

5. Project construction expected to begin in 2014/15.

## Programmes/activities/objectives

Table 38.36 Water Trading Entity

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
Administration	314.6	331.1	474.3	369.5	5.5%	5.1%	362.8	432.7	454.3	7.1%	5.1%
Implementation of water resources management activities	391.7	348.6	499.2	477.8	6.9%	5.8%	524.2	571.2	660.1	11.4%	7.0%
Operations, maintenance and refurbishment of national water resources schemes	1 039.2	676.7	969.2	1 062.9	0.8%	12.7%	1 043.8	1 175.0	1 233.8	5.1%	14.1%
Implementation of new water resources infrastructure	3 811.0	3 671.7	5 258.5	5 086.2	10.1%	60.3%	4 916.1	4 614.6	4 540.1	-3.7%	60.1%
Bulk water supply to strategic users	1 016.6	754.8	1 081.0	786.1	-8.2%	12.4%	772.0	845.1	887.4	4.1%	10.3%
Implementation of dam safety projects	268.5	239.0	342.2	200.0	-9.4%	3.6%	220.0	315.8	350.9	20.6%	3.4%
<b>Total expense</b>	<b>6 841.5</b>	<b>6 021.9</b>	<b>8 624.3</b>	<b>7 982.6</b>	<b>5.3%</b>	<b>100.0%</b>	<b>7 838.9</b>	<b>7 954.4</b>	<b>8 126.5</b>	<b>0.6%</b>	<b>100.0%</b>

## Expenditure estimates

Table 38.37 Water Trading Entity

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R million											
<b>Revenue</b>											
<b>Non-tax revenue</b>	4 740.0	6 251.5	7 343.7	7 711.7	17.6%	76.9%	7 942.5	8 317.5	8 757.7	4.3%	75.0%
Sale of goods and services other than capital assets	4 661.6	6 207.0	7 310.5	7 655.4	18.0%	76.2%	7 882.8	8 254.9	8 691.7	4.3%	74.4%
of which:											
Sales of bulk water	4 661.6	6 207.0	7 310.5	7 655.4	18.0%	76.2%	7 882.8	8 254.9	8 691.7	4.3%	74.4%
Other non-tax revenue	78.4	44.5	33.2	56.3	-10.4%	0.7%	59.7	62.7	66.0	5.4%	0.6%
<b>Transfers received</b>	1 805.6	1 934.4	1 817.1	2 085.3	4.9%	23.1%	2 410.7	3 165.4	3 396.9	17.7%	25.0%
<b>Total revenue</b>	6 545.6	8 185.9	9 160.8	9 796.9	14.4%	100.0%	10 353.2	11 483.0	12 154.6	7.5%	100.0%
<b>Expenses</b>											
<b>Current expenses</b>	6 841.5	6 021.9	8 624.3	7 982.6	5.3%	100.0%	7 838.9	7 954.4	8 126.5	0.6%	100.0%
Compensation of employees	579.3	618.9	616.5	909.4	16.2%	9.3%	944.4	979.3	1 000.6	3.2%	12.0%
Goods and services	3 273.0	2 557.2	3 377.3	2 531.3	-8.2%	40.3%	2 683.4	2 699.3	2 757.9	2.9%	33.5%
Depreciation	1 412.2	1 599.3	2 994.7	2 372.0	18.9%	27.9%	2 463.1	2 554.4	2 609.8	3.2%	31.3%
Interest, dividends and rent on land	1 577.1	1 246.5	1 635.8	2 169.9	11.2%	22.5%	1 748.0	1 721.3	1 758.3	-6.8%	23.2%
<b>Total expenses</b>	6 841.5	6 021.9	8 624.3	7 982.6	5.3%	100.0%	7 838.9	7 954.4	8 126.5	0.6%	100.0%
<b>Surplus/(Deficit)</b>	(296.0)	2 164.0	536.0	1 814.0	-283.0%		2 514.0	3 529.0	4 028.0	30.5%	
<b>Statement of financial position</b>											
Carrying value of assets	89 061.1	88 567.2	88 244.0	98 783.6	3.5%	94.8%	103 681.9	107 554.9	113 255.3	4.7%	95.5%
of which:											
Acquisition of assets	1 790.1	1 305.1	1 045.3	2 183.1	6.8%	1.6%	2 599.5	2 610.2	3 904.3	21.4%	2.5%
Inventory	163.4	168.4	81.0	185.3	4.3%	0.2%	194.4	203.9	214.7	5.0%	0.2%
Receivables and prepayments	2 758.5	3 417.0	4 068.2	2 478.5	-3.5%	3.3%	2 599.9	2 727.3	2 871.8	5.0%	2.4%
Cash and cash equivalents	1 022.0	1 488.7	2 094.9	1 885.4	22.6%	1.7%	1 720.1	2 346.6	2 470.9	9.4%	1.9%
<b>Total assets</b>	93 005.0	93 641.3	94 488.1	103 332.7	3.6%	100.0%	108 196.2	112 832.6	118 812.8	4.8%	100.0%
Accumulated surplus/(deficit)	60 818.2	62 691.2	63 252.7	69 243.8	4.4%	66.6%	72 436.9	76 669.7	80 733.2	5.3%	67.5%
Capital and reserves	286.6	272.5	247.5	300.2	1.6%	0.3%	314.9	330.3	347.8	5.0%	0.3%
Borrowings	29 780.9	29 904.3	30 068.3	32 963.8	3.4%	31.9%	34 579.1	34 924.9	36 775.9	3.7%	31.4%
Finance lease	9.3	14.0	8.5	15.4	18.3%	0.0%	16.2	17.0	17.9	5.0%	0.0%
Trade and other payables	661.6	576.2	755.4	637.3	-1.2%	0.7%	668.6	701.3	738.5	5.0%	0.6%
Provisions	475.7	183.0	155.6	172.2	-28.7%	0.3%	180.6	189.5	199.5	5.0%	0.2%
Derivatives financial instruments	972.7	-	-	-	-100.0%	0.3%	-	-	-	-	-
<b>Total equity and liabilities</b>	93 005.0	93 641.3	94 488.1	103 332.7	3.6%	100.0%	108 196.2	112 832.6	118 812.8	4.8%	100.0%

## Personnel information

Table 38.38 Water Trading Entity

Salary level	Number of posts estimated for 31 March 2014	Number of posts on approved establishment	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		2013/14 - 2016/17
			Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost	
	4 205	4 205	3 710	616.5	0.2	3 694	909.4	0.2	4 205	944.4	0.2	4 205	979.3	0.2	4 205	1 000.6	0.2	3.2%	100.0%
1 - 6	2 293	2 293	2 038	164.3	0.1	2 079	254.6	0.1	2 293	264.4	0.1	2 293	274.2	0.1	2 293	280.1	0.1	3.2%	55.0%
7 - 10	1 419	1 419	1 291	237.0	0.2	1 217	373.6	0.3	1 419	388.0	0.3	1 419	402.4	0.3	1 419	411.1	0.3	3.2%	33.5%
11 - 12	350	350	361	195.8	0.5	284	172.4	0.6	350	179.0	0.5	350	185.7	0.5	350	189.7	0.5	3.2%	8.2%
13 - 16	143	143	20	19.4	1.0	114	108.7	1.0	143	112.9	0.8	143	117.1	0.8	143	119.6	0.8	3.2%	3.3%

1. Rand million.

## Expenditure trends

The water trading entity generates revenue from raw water charges and transfers received from the department. Between 2010/11 and 2013/14, revenue increases relate to the annual tariff adjustment, the increase in the sale of raw water and related services, and the significant increase in transfers the entity has received from the

department. Over the medium term, total revenue is expected to increase due to the completion of dams and bulk distribution systems, increasing the availability of water and, as a result, the amount of water sold.

The spending focus over the medium term is on the development of new water infrastructure and the operation, maintenance and refurbishment of existing water resources infrastructure. To this end, the entity expects to implement phases 2B, 2C and 2D of the Olifants River water resources development project in the implementation of new water infrastructure and the operations and maintenance programmes. Expenditure on new water infrastructure is expected to be fast track the raising of the Tzaneen, Clanwilliam and Hazelmere dam walls, and phase 1 and 2 of the Mokolo augmentation project, which is set to increase the value of assets on the entity's balance sheet to R118.8 billion in 2016/17.

The entity also plans to implement a recovery plan to reduce the backlog in the operation and maintenance of the national water infrastructure. This will be done through comprehensive programmes for dam safety, and the rehabilitation and refurbishment of all water related infrastructure, including reservoirs, canals, weirs, pipelines and wastewater treatment works.

Between 2010/11 and 2013/14, spending on goods and services increased mainly due to expenditure on contractors, and repairs and maintenance relating to the provision and the operation of water infrastructure. The decrease in expenditure on goods and services in 2013/14 is as a result of the impairment on financial assets. Over the medium term, expenditure on interest, dividends and rent on land is expected to increase due to higher royalty fees to be paid to the government of Lesotho for water delivered to South Africa, and the payment of interest on debt not capitalised during construction projects.

The slight decline in spending on compensation of employees between 2011/12 and 2012/13 was due to a delay in the filling of vacant posts as a business engineering review processes was under way. Once the process was completed, expenditure on compensation of employees increased by 47.5 per cent between 2012/13 and 2013/14 as the entity filled vacant technical positions. At the end of November 2013, there were 511 vacancies on the entity's approved establishment of 4 205 posts. These vacancies are set to be filled over the medium term through in-house training and recruitment. Consultants are mainly used as required for project and contract management, engineering design and services, and construction monitoring.

## Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- The **Breede-Overberg Catchment Management Agency** was established in terms of the National Water Act (1998) and is a schedule 3A public entity. It manages water resources through continuous engagement with all stakeholders and devolves decision making to the lowest level for the benefit of all water users in the Breede-Overberg water management area, and ensures that water is used to support equitable and sustainable socioeconomic transformation and development. The agency's total budget for 2014/15 is estimated to be R24.9 million. The agency received transfers of R19 million in 2012/13 and R24 million for 2013/14 from the department. From 2014/15, the entity will be funded through the water trading entity.
- The **Inkomati Catchment Management Agency** was established in terms of the National Water Act (1998) and is a schedule 3A public entity. It manages water resources through continuous engagement with all stakeholders and devolves decision making to the lowest level for the benefit of all water users in the Inkomati water management area, and ensures that water is used to support equitable and sustainable socioeconomic transformation and development. The agency's total budget for 2014/15 is estimated to be R54.8 million. The budget is monitored on a quarterly basis through the submission and review of quarterly reports that include financial information. The agency received transfers of R22.3 million in 2012/13 and R23.6 million in 2013/14. From 2014/15, the entity will be funded through the water trading entity.

The **Water Research Commission** was established in terms of the Water Research Act (1971) and plays an important role in water research by establishing needs and priorities for research, stimulating and funding water research according to each priority, promoting effective transfer of information and technology, and enhancing the knowledge and capacity building in the water sector. Its total budget for 2014/15 is R207.2 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
				2010/11	2011/12		2012/13	2014/15	2015/16	2016/17
<b>R million</b>										
<b>Departmental infrastructure</b>										
Sediberg bulk regional sewerage scheme: Sebokeng and Meyerion wastewater treatment works	Upgrading existing waste water treatment works	Tender	1 456.0	-	31.3	5.9	140.0	200.0	280.0	250.0
Sediberg bulk regional sewerage scheme remainder	Construction of new waste water treatment works	Design	2 400.0	18.8	5.2	-	-	40.0	15.0	80.0
OR Tambo Mithatha King Sabata Dalindyebo district municipality bulk water supply and sanitation	Augmenting existing bulk water scheme	Construction	2 705.0	-	0.6	50.8	200.0	280.0	315.0	300.0
De Hoop: Greater Sekhukhune district municipality regional bulk water and wastewater infrastructure	Construction of new bulk water infrastructure linking the communities with the De Hoop Dam	Feasibility	2 088.0	-	-	-	266.3	365.0	305.5	280.0
Vaal Gamagara scheme	Upgrading existing bulk water scheme	Construction	2 000.0	-	9.4	16.5	30.5	40.0	53.8	135.0
Mogalakwena bulk water supply	Upgrading boreholes and construction of new bulk water scheme	Construction	1 530.0	64.3	80.0	68.4	60.0	84.0	141.5	160.0
Nebo bulk water supply	Construction of new bulk water scheme	Construction	1 350.0	19.4	21.0	24.1	40.0	40.0	80.0	120.0
Magalies Water to Waterberg	Construction of new bulk water scheme	Feasibility	1 891.0	-	-	-	-	0.3	-	-
Nandoni: pipeline	Water Supply to Vhembe district municipality	Construction	750.0	-	-	735.0	15.0	-	-	-
Ndlambe bulk water supply	Construction of new bulk water scheme and upgrading existing bulk water scheme	Construction	879.0	-	31.9	12.9	50.0	113.5	80.0	220.0
Mbizana regional bulk water supply	Construction of new bulk water scheme and upgrading existing bulk water scheme	Construction	780.0	35.9	85.7	121.4	59.3	60.0	49.7	25.0
Westonaria/Randfontein regional bulk wastewater treatment works (Hannes van Niekerk)	Upgrading existing waste water treatment works	Construction	266.0	24.1	44.9	172.1	45.0	-	-	-
Westonaria/Randfontein regional bulk wastewater treatment works (Zuurbekom)	Construction of new waste water treatment works	Design	621.5	-	-	-	26.0	47.7	-	15.0
Western Highveld regional bulk water supply	Upgrading existing bulk water scheme	Construction	486.0	12.4	30.0	24.2	30.0	50.0	60.0	95.0
Pongolepoort bulk water scheme	Construction of new bulk water scheme	Construction	674.0	-	5.4	58.4	179.0	330.0	90.0	45.0
Greater Mthonjaneni: phases 1 to 3 bulk water supply	Construction of new bulk water scheme	Construction	668.8	4.7	23.0	35.7	35.0	150.0	330.0	58.0
Nqubo regional bulk water supply (Lembe)	Construction of new bulk water scheme	Construction	682.6	12.7	37.3	100.5	80.0	90.0	81.2	160.0
Umgeni Water Board: Lower Thukela bulk water supply scheme	Construction of new bulk water scheme	Construction	965.0	-	-	43.6	50.0	185.0	300.0	351.0
Umswathi bulk water supply scheme	Construction of new bulk water scheme	Tender	373.9	-	-	-	-	200.0	-	193.6
Mooihoek/Tubatse bulk water supply	Augmenting existing bulk water scheme	Construction	807.0	13.0	48.0	30.3	35.0	43.0	80.0	110.0
Lebalelo central and north regional water supply	Construction of new bulk water scheme	Feasibility	600.0	-	-	-	-	0.5	-	-
Makhaod West regional bulk water supply	Augmenting existing bulk water scheme	Feasibility	841.0	-	-	-	-	-	-	-
Matoks bulk water supply	Construction of new bulk water scheme	Feasibility	800.0	-	-	-	-	0.3	-	-
Nwamitwa bulk water supply	Construction of new bulk water scheme and upgrading existing bulk water scheme	Feasibility	644.0	-	-	-	-	0.3	-	-

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R million										
Nzhelele Valley bulk water supply	Construction of new bulk water scheme	Feasibility	600.0	-	-	-	-	0.8	-	-
Replacement of Namakwa bulk water supply	Upgrading existing bulk water scheme	Construction	530.0	3.4	27.9	12.5	72.2	103.4	160.0	83.0
Madibeng bulk water supply	Upgrading existing bulk water scheme	Construction	500.0	12.8	14.9	2.0	18.0	42.4	50.0	95.2
Taung/Naledi bulk water supply	Construction of new bulk water scheme and upgrading existing bulk water scheme	Construction	733.8	27.8	136.9	220.0	110.0	95.0	2.1	-
Greater Mamusa bulk water supply	Construction of new bulk water scheme and upgrading existing bulk water scheme	Design	403.0	-	6.8	6.7	25.0	30.0	60.9	105.1
Planesberg north and south bulk water supply	Upgrading of existing bulk water scheme and construction of a new bulk water scheme.	Construction	771.3	-	-	13.0	200.0	70.0	94.0	182.0
Chris Hani district municipality bulk water supply, Ncora cluster 4	Construction of new bulk water scheme and upgrading existing bulk water scheme	Construction	353.9	6.2	16.4	25.2	20.0	54.3	50.0	58.0
Chris Hani district municipality: Ngcobo cluster 6	Construction of new bulk water scheme and spring protection	Construction	324.0	8.3	9.2	32.9	30.0	35.0	10.3	53.0
Xoxa dam water supply to Lukhanji	Construction of new bulk water scheme to augment existing bulk water scheme	Construction	444.0	16.3	11.7	69.8	55.0	58.7	95.2	-
Amatola Water Board: Refurbishment of 6 existing plants and downstream infrastructure	Upgrading existing bulk water scheme	Feasibility	500.0	-	-	-	-	150.0	350.0	-
Nkebana bulk water supply	Construction of new bulk water scheme and upgrading existing bulk water scheme	Construction	136.0	-	0.4	1.9	14.0	20.0	30.0	45.0
Sterkfontein dam scheme	Construction of new bulk water scheme	Construction	330.0	40.2	62.4	63.5	32.6	30.9	32.6	55.0
Mhlabaishane bulk water supply	Construction of new bulk water scheme	Construction	483.5	14.0	126.5	21.6	35.0	35.0	18.8	35.0
Greytown regional bulk scheme	Construction of new bulk water scheme and upgrading existing bulk water scheme	Construction	950.0	28.6	5.6	30.1	31.8	135.0	243.0	-
Middledrift regional bulk scheme (Phase 1 completed)	Construction of new water treatment works	Construction	431.2	-	26.0	3.3	-	30.0	30.0	80.0
Sinthumule Kutama bulk water augmentation	Construction of new bulk water scheme to augment existing bulk water scheme	Construction	455.0	16.0	39.3	15.0	60.0	25.0	30.0	150.0
Moutse bulk water supply	Upgrading existing water treatment works and construction of new bulk water scheme	Construction	560.0	14.9	23.0	70.2	40.0	48.5	64.5	4.6
Glen Alpine bulk water supply	Construction of new bulk water scheme	Feasibility	345.0	-	-	-	-	0.5	-	100.0
Lephalele/Eskom: bulk water augmentation	Augmenting existing bulk water scheme	Feasibility	330.0	-	-	-	-	0.3	-	70.4
Provincial high catalytic projects (Mutash Hub)	Construction of new bulk water scheme for various purposes	Feasibility	200.0	-	-	0.3	-	1.5	-	20.2
Tsantsabane bulk water supply and sanitation	Upgrading existing bulk water supply and waste water treatment works	Hand over	314.0	15.3	29.7	-	-	-	-	-
Moretele bulk water supply	Construction of new bulk water scheme	Feasibility	340.0	-	-	-	-	5.0	18.0	41.3
Bojanala regional water supply	Construction of new bulk water scheme to augment existing bulk water scheme	Feasibility	400.0	-	0.6	0.9	-	-	-	-
West Coast desalination plant	Construction of a new desalination plant	Design	112.8	-	4.0	6.0	10.0	30.0	30.0	52.0
Empuluzi and Methula bulk water scheme	Upgrading existing bulk water scheme	Design	395.0	-	2.0	5.2	12.0	-	-	10.0

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R million										
Western Highveld bulk water supply	Construction of new bulk water scheme	Feasibility	257.0	-	2.0	-	10.0	20.0	28.0	31.4
Carolina Siobela bulk water scheme	Construction of new bulk water scheme	Feasibility	200.0	-	-	-	-	-	-	-
Great Letaba River development project: Phases 1 and 4	Water supplied to Mopani district municipality	Construction	560.0	17.1	-	-	-	-	-	-
Graaf-Reinet emergency water supply scheme	Upgrading existing bulk water scheme	Feasibility	29.4	-	-	3.2	10.0	14.4	-	-
Sundays River: Paterson bulk water supply	Upgrading existing water treatment works and construction of new bulk water scheme	Construction	80.2	16.3	13.3	14.1	6.5	-	-	-
Seylerville water supply scheme	Augmenting existing bulk water scheme	Construction	70.0	-	-	7.0	10.0	20.0	23.8	-
Mrcwasa bulk water supply	Construction of new bulk water scheme	Construction	264.2	17.6	16.6	23.6	26.5	34.4	35.0	71.7
Xhora east bulk water supply	Construction of new bulk water scheme	Construction	258.5	4.4	9.6	15.8	25.0	25.0	25.0	81.6
libika water supply	Construction of new bulk water scheme	Construction	49.0	11.6	18.5	12.6	5.0	-	-	-
Tsomo water supply	Upgrading existing bulk water scheme	Various	22.3	3.1	-	-	-	-	-	-
Klipplaat rain water harvesting	Rain water harvesting	Various	2.7	2.7	-	-	-	-	-	-
Ikwezi bulk water supply	Upgrading existing bulk water scheme	Feasibility	128.0	-	-	0.1	-	-	-	-
Kirkwood water treatment works	Upgrading existing bulk water scheme	Feasibility	20.4	-	-	0.2	-	-	-	10.0
Chris Hani district municipality bulk water supply, Quthubeni (cluster 9)	Construction of new bulk water scheme	Construction	178.4	3.1	23.4	21.0	30.0	56.7	95.2	-
Misgund bulk water supply	Construction of new bulk water scheme and upgrading existing bulk water scheme	Feasibility	7.0	-	-	0.1	-	-	-	-
Hofmeyer groundwater supply (Phase 1 completed)	Borehole development to augment existing bulk water scheme	Construction	59.3	4.9	-	2.2	30.0	4.7	-	-
Middelburg groundwater supply	Borehole development to augment existing bulk water scheme	Construction	22.0	4.9	3.4	10.9	-	-	-	-
OR Tambo Mithatha bulk water intervention	Augmenting existing bulk water scheme	Various	10.4	7.1	-	-	-	-	-	-
Coffee Bay bulk water supply	Construction of new bulk water scheme	Various	94.0	34.2	15.1	-	-	-	-	-
Matatiele bulk water supply	Construction of new bulk water scheme	Design	164.7	0.4	4.0	1.1	20.0	25.0	-	36.0
Mount Ayliff bulk water supply	Construction of new bulk water scheme to augment existing bulk water scheme	Construction	165.6	-	3.2	32.5	20.0	25.0	-	60.0
Jagersfontein /Fauresmith: bulk water supply Phases 1 to 3	Construction of new bulk water scheme	Construction	250.0	13.3	16.9	4.2	24.9	10.0	15.0	20.0
Mohokare bulk water supply	Construction of new bulk water scheme	Construction	136.0	0.3	8.1	10.5	23.0	40.0	63.0	-
Maslionyana bulk water supply	Upgrading existing bulk water scheme	Design	130.0	-	0.5	6.7	17.0	46.0	60.0	72.0
Tokologo regional water supply: Phase 1	Construction of new bulk water scheme	Construction	223.0	6.9	46.0	54.0	32.8	10.0	33.0	25.0
Seisoto bulk water supply	Upgrading existing bulk water scheme	Tender	160.0	-	13.7	10.0	20.0	20.0	20.0	30.0
Dhlabeng bulk water supply	Construction of new bulk water scheme	Construction	97.0	1.3	15.3	33.8	20.6	25.0	21.1	35.0
Phumelala bulk water supply	Construction of new bulk water scheme	Construction	123.0	-	10.7	32.3	20.0	30.0	20.0	-
Mooqhaka regional water scheme	Construction of new bulk water scheme	Construction	130.0	0.7	0.6	8.0	15.0	15.0	20.0	30.0
Ngwathe bulk water supply	Construction of new bulk water scheme to augment existing bulk water scheme	Hand over	11.3	3.8	5.5	-	-	-	-	-

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R million										
Ngwathe bulk water supply: Phase 2	Construction of new bulk water scheme	Feasibility	160.0	-	-	-	5.0	14.0	15.0	30.0
Leisemeng-Petrusburg-Koffiefontein bulk water supply	Upgrading existing bulk water scheme	Feasibility	90.0	-	0.1	0.4	-	-	-	-
Nala bulk sewer	Upgrading existing waste water treatment works	Feasibility	20.0	-	-	-	-	18.0	12.0	-
Naledi bulk water supply	Upgrading existing bulk water scheme	Feasibility	140.0	-	-	0.4	-	30.0	-	-
Tswelopele bulk water supply	Upgrading existing bulk water scheme	Feasibility	85.0	-	0.1	0.8	-	-	-	-
Mantsopa-Tweespruit and Hobhouse bulk water supply	Upgrading existing bulk water scheme	Feasibility	250.0	-	-	0.4	-	7.0	10.0	10.0
Greater Eston water scheme	Construction of new bulk water scheme	Construction	192.0	9.9	28.1	89.9	38.0	31.8	42.2	55.0
Driefontein complex bulk water supply	Construction of new bulk water scheme to augment existing bulk water scheme	Construction	196.1	11.5	22.3	16.3	35.0	25.0	30.0	5.0
Enadlangeni bulk regional scheme	Construction of new bulk water scheme to augment existing bulk water scheme	Various	50.3	8.2	10.3	4.9	-	-	-	-
Mandakazi bulk water supply (phase 1 to be completed) phase 2 construction of water treatment works	Construction of new bulk water scheme	Construction	228.0	26.9	28.4	29.7	6.9	35.0	35.0	-
Nongoma bulk water supply	Construction of new bulk water scheme to augment existing bulk water scheme	Construction	229.0	12.9	23.1	36.1	48.4	39.0	88.0	145.0
Dukuduku resettlement bulk water supply	Construction of new bulk water scheme	Construction	137.0	4.1	30.5	46.0	30.0	17.0	15.0	-
Hlabisa regional bulk water supply	Construction of new bulk water scheme to augment existing bulk water scheme	Tender	166.9	24.5	51.8	14.4	20.0	45.0	-	-
Greater Bulwer Donnybrook water scheme	Construction of new bulk water scheme	Construction	350.0	-	8.6	5.6	15.4	28.2	30.0	100.0
Maphumulo bulk water supply: Phases 1 and 2	Construction of new bulk water scheme	Construction	159.1	-	-	-	-	-	-	-
Giyani bulk water supply drought relief	Construction of new bulk water scheme	Construction	182.1	-	42.1	11.9	35.0	90.0	-	-
Olifantspoort water treatment works	Upgrading existing water treatment works	Various	218.0	50.0	-	-	-	-	-	-
Speon bulk water supply	Construction of new bulk water scheme	Various	73.0	19.0	-	-	-	-	-	-
Mametya Sekororo bulk water supply	Construction of new bulk water scheme	Construction	214.0	-	-	18.2	45.7	44.9	140.2	-
Port Nolloth bulk water supply	Construction of new bulk water scheme	Design	27.0	-	-	-	7.0	9.8	12.5	5.9
Colesberg bulk water supply	Upgrading existing water treatment works and new bulk water scheme	Construction	142.3	12.0	31.9	24.3	35.0	-	-	-
Colesberg waste water treatment works	Construction of new waste water treatment works	Various	19.4	-	9.8	3.4	-	-	-	-
Noupoort bulk water supply	Groundwater development	Design	59.7	-	-	0.5	-	30.0	30.0	11.0
De Aar bulk water supply	Borehole development	Design	156.0	-	-	-	20.0	16.6	-	29.0
Hopetown water treatment works (Thembehlhe) bulk water supply	Construction of new water treatment works	Construction	75.0	-	6.8	16.7	16.0	1.5	-	-
Strydenburg groundwater project	Groundwater development	Feasibility	24.0	-	-	0.3	-	51.2	-	-

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
R million										
Heuningvei scheme bulk water supply	Upgrading existing bulk water scheme	Construction	131.0	-	21.2	51.4	34.0	31.0	-	-
Kuruman bulk water supply	Upgrading existing bulk water scheme	Construction	95.5	-	-	3.6	19.0	30.0	5.6	-
Kaithu wastewater treatment works	Construction of new waste water treatment works	Construction	17.6	-	-	17.0	15.0	-	-	-
Kaithu bulk water supply	Construction of new bulk water scheme	Feasibility	53.4	-	-	-	-	47.0	32.0	30.0
Hantam desalination plant (Brandvlei)	Construction of new desalination plant	Feasibility	28.0	-	0.7	0.1	-	-	33.0	11.0
Loenesfontein bulk water supply	Upgrading existing bulk water scheme	Feasibility	20.0	-	-	-	-	0.8	-	-
Kenhardt bulk water supply	Construction of new bulk water scheme	Various	69.2	5.1	4.2	-	-	-	-	-
Riemvasmaak water supply	Construction of new bulk water scheme	Various	3.1	-	3.1	-	-	-	-	-
Holpan bulk water supply (Windsorton)	Construction of new bulk water scheme	Feasibility	60.0	-	-	0.4	-	5.0	16.5	20.0
Upgrading of the homevale waste water treatment plant (Sol Plaaitje waste water treatment works)	Upgrading existing waste water treatment works	Construction	78.0	-	-	31.8	15.0	25.0	5.6	-
Extension of the Kalahari East pipeline	Augmenting existing bulk water scheme	Feasibility	304.0	-	-	-	-	0.6	-	60.0
Khni ma municipality bulk water supply	Upgrading existing bulk water scheme	Feasibility	52.5	-	-	-	-	-	-	-
Niekershoop bulk water supply	Upgrading existing groundwater water scheme	Construction	11.1	-	-	2.8	6.5	2.0	-	-
Mafube bulk sewer	Construction of new waste water treatment works	Design	120.0	-	-	-	-	20.0	30.0	400.0
Inyaka water treatment works Phases 3 and 4	Supply of water	Construction	407.8	-	-	101.6	25.6	2.4	-	-
Nandoni distribution replacement	Supply of water	Construction	295.0	-	25.2	129.2	125.4	15.2	-	-
Pixley Ka Seme bulk water supply (Manydale, Norvalspont and Vanderkloof)	Construction of new bulk water scheme	Feasibility	40.0	0.9	2.7	1.6	-	1.0	-	-
Manydale bulk water supply	Upgrading existing groundwater water scheme	Feasibility	23.0	-	-	-	-	-	-	-
Bulk water supply Van der Kloof (Vosburg)	Upgrading existing bulk water scheme and new bulk water scheme	Feasibility	50.0	-	-	-	-	-	-	13.0
Keimoes wastewater treatment works	Construction of new waste water treatment works	Feasibility	40.0	-	-	-	-	-	-	-
Keimoes water treatment works	Construction of new water treatment works	Feasibility	40.0	-	-	-	-	-	-	-
Kakamas wastewater treatment works	Construction of new waste water treatment works	Feasibility	40.0	-	-	-	-	0.8	-	-
Uprington wastewater treatment works	Construction of new waste water treatment works	Feasibility	100.0	-	-	-	-	-	-	-
Magareng wastewater treatment works	Construction of new waste water treatment works	Feasibility	60.0	-	-	-	-	-	-	-
Warrenton water treatment works	Upgrade of water treatment works	Feasibility	60.0	-	-	0.1	-	0.8	-	14.2
Gariep dam to Norvalspont bulk water supply	Upgrading existing water treatment works and new bulk water scheme	Feasibility	25.0	-	-	-	-	-	-	-

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R million										
Renosterberg bulk water supply	Construction of new bulk water scheme	Feasibility	16.0	-	-	-	-	-	-	-
Sol Pleatje bulk water supply	Construction of new bulk water supply and upgrading existing water treatment works	Feasibility	60.0	-	-	-	-	-	-	-
Van Wyksvlei groundwater	Upgrading existing groundwater water scheme	Feasibility	25.0	-	-	0.4	-	0.9	20.4	-
Bloemendaal water pipeline	Construction of new bulk water scheme	Various	57.5	10.0	11.9	35.6	-	-	-	-
Eerstehoek/Ekuluindeni bulk water supply	Upgrade of water treatment works and construction of new bulk water scheme	Feasibility	126.0	-	2.0	4.5	13.0	24.0	28.0	20.0
Ermelo North regional scheme (Muskaligwa)	Construction of new bulk water scheme	Tender	185.0	-	2.0	5.9	15.0	23.0	38.0	40.0
Balf/Syat/Grey/Willem/Nihor bulk water supply	Augmenting existing bulk water scheme	Feasibility	103.0	-	2.0	4.5	15.0	20.0	22.0	49.0
Emalaheni Bulk water supply upgrade	Upgrading of existing water treatment works	Construction	150.0	-	20.0	26.0	27.8	22.0	24.0	30.0
Northern Nzikazi water treatment works	Construction of new bulk water scheme and water treatment works	Feasibility	73.0	-	-	0.5	10.0	25.0	-	-
Acornhoek bulk water supply	Construction of new bulk water scheme	Construction	191.7	5.1	37.7	83.5	-	-	-	-
Mbombela 2010 water and sanitation	Construction of new bulk water and sanitation schemes	Various	44.9	13.0	-	-	-	-	-	-
Driekoppies water treatment works upgrading	Upgrading existing water treatment works and new bulk water scheme	Design	93.0	-	3.2	5.9	10.0	25.0	34.0	35.0
Sibange water treatment works	Construction of new bulk water scheme and water treatment works	Design	80.0	-	2.8	6.1	10.0	25.0	20.0	44.2
Lushuhwane bulk water scheme	Upgrading existing water treatment works and new bulk water scheme	Feasibility	194.8	-	-	-	-	24.5	25.0	25.8
Amsterdam and Sheepmore bulk water scheme	Upgrading existing water treatment works and new bulk water scheme	Feasibility	48.0	-	-	-	-	15.5	15.0	-
Thaba Chweu groundwater development	Borehole development	Construction	4.5	-	-	-	-	-	-	-
Emalaheni bulk water supply Phase 2	Construction of new bulk water scheme	Feasibility	122.0	-	-	-	-	-	-	-
Hoxane bulk water supply	Construction of new bulk water scheme	Construction	14.2	-	-	5.5	-	-	-	-
Koster waste water treatment works upgrade	Construction of new waste water treatment works	Feasibility	86.0	-	-	3.1	-	8.0	15.0	15.0
Mafikeng South bulk water supply	Upgrading existing bulk water scheme	Design	165.0	-	-	1.5	5.0	30.0	70.0	50.0
Ventersdorp bulk water project in Dr. Kaunda district municipality	Upgrading existing water treatment works and new bulk water scheme	Construction	36.2	0.1	2.5	13.8	16.0	5.6	-	-
Raitou local municipality bulk water supply	Upgrading existing water treatment works and new bulk water scheme	Pre-feasibility	218.1	-	2.7	1.7	11.0	23.0	45.0	50.0
Wolmaransstad waste water treatment works	Upgrading existing waste water treatment works	Design	92.0	-	-	9.3	5.0	28.0	54.6	-
Potchefstroom water treatment works upgrade	Upgrading existing waste water treatment works	Feasibility	105.0	-	-	-	-	8.0	10.0	40.0
Kagisano Molopo bulk water supply	Augmenting existing bulk water scheme	Feasibility	130.0	-	-	-	-	2.0	7.0	15.0

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R million										
Citrusdal waste water treatment works	Construction of new waste water treatment works	Construction	35.6	-	0.3	2.0	13.6	11.8	10.0	9.8
Cianwilliam water treatment works	Upgrading existing bulk water scheme	Design	16.0	-	0.5	1.0	-	4.0	6.0	-
Cianwilliam/Lambertsbaai regional water supply	New desalination plant and upgrading existing bulk water scheme	Construction	67.5	6.3	10.1	9.7	20.0	-	-	-
Tulbagh bulk water supply (Witzenberg)	Construction of new bulk water scheme	Construction	78.0	11.1	11.9	20.7	8.3	0.9	-	-
Drakenstein waste water treatment works	Upgrading existing waste water treatment works	Construction	29.0	9.0	12.0	7.0	-	-	-	-
Stellenbosch waste water treatment works	Upgrading existing waste water treatment works	Design	61.0	-	2.0	-	30.0	18.2	20.0	43.0
Worcester bulk water supply	Augmenting existing bulk water scheme	Construction	67.8	-	0.3	19.0	18.7	10.1	-	-
Grabouw waste water treatment works	Upgrading existing waste water treatment works	Construction	14.0	-	0.3	7.7	8.5	7.6	-	-
Hermanus bulk water supply	Construction of new water treatment works, borehole development and upgrading of existing bulk water scheme	Construction	20.6	-	8.8	12.0	-	-	-	-
Hermanus waste water treatment works	Upgrading existing waste water treatment works	Various	31.1	-	17.0	14.0	-	-	-	-
Swellendam waste water treatment works	Upgrading of existing waste water treatment works and construction of new waste water treatment works	Construction	21.6	-	0.3	19.4	17.7	13.1	-	-
Sruisbaai waste water treatment works	Upgrading existing waste water treatment works	Construction	11.4	-	0.3	5.6	5.6	-	-	-
Outdushoorn groundwater supply	Augmenting existing bulk water scheme from boreholes	Feasibility	78.0	-	1.0	8.0	18.0	7.5	20.0	10.0
Beaufort West bulk water supply	Borehole development	Feasibility	30.0	-	0.8	0.9	3.1	4.1	5.8	16.7
Vanrhynsdorp raw water supply	Augmenting existing bulk water scheme	Design	38.0	-	0.4	-	4.0	2.5	15.2	20.0
Klawer bulk water supply	Augmenting existing bulk water scheme	Design	17.7	-	-	-	2.2	0.9	-	-
Paarl bulk sewer	Construction of new bulk sewage conveyance pipelines	Construction	58.8	-	0.3	-	4.0	12.5	13.8	8.5
Calitzdorp and Laocysmith waste water treatment works	Upgrading existing waste water treatment works	Feasibility	18.4	-	-	0.5	2.0	3.0	3.0	10.0
Kamalland dam relocation	Construction of new dam/ alternative the development of boreholes	Feasibility	22.8	-	-	3.4	2.5	2.5	5.0	5.0
Bitou cross border bulk water supply	Augmenting existing bulk water scheme	Feasibility	120.0	-	-	0.5	2.4	2.5	20.0	21.6
George bulk water supply augmentation	Construction of new bulk water scheme	Various	129.0	17.2	5.5	-	-	-	-	-
Krystna water supply	Upgrading existing bulk water scheme	Feasibility	52.0	-	-	-	-	-	-	-
James Kleynhans bulk water supply	Upgrading existing bulk water scheme	Feasibility	2.0	-	-	-	-	10.0	20.0	36.0
Niabanikulu bulk water supply	Upgrading existing bulk water scheme	Feasibility	1.0	-	-	-	-	-	-	-
Ingquza Hill bulk water supply	Upgrading existing bulk water scheme	Feasibility	1.0	-	-	-	-	-	-	-
Aganang bulk water supply	Upgrading existing bulk water scheme	Feasibility	1.2	-	-	-	-	0.7	-	30.0

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R million										
Poekwane waste water treatment works	Upgrading existing waste water treatment works	Construction	2.7	-	-	-	-	1.2	-	-
Capricorn master plan	Masterplan	Design	2.5	-	-	-	-	0.5	-	-
Sekhukhune master plan	Masterplan	Design	3.1	-	-	-	-	0.5	-	-
Ermelo bulk water supply	Construction of new bulk water scheme	Construction	325.0	-	-	-	-	-	-	-
Bushbuckridge water master plan	Masterplan	Design	3.0	-	-	-	-	1.0	-	-
Upgrade of Delmas and Botleng waste water	Upgrading existing waste water treatment works	Feasibility	1.8	-	-	-	-	-	-	-
Williston bulk water supply	Upgrading existing bulk water scheme	Feasibility	1.5	-	-	-	-	0.6	-	-
Nandoni: water treatment works and distribution	Supplying water to Vhembe district municipality	Construction	1 789.7	130.2	144.1	253.0	188.5	23.9	-	-
Groot letaba river water development project : Nwamitwa Phase 1 Distribution	Supply of water	Construction	158.7	-	-	-	31.2	-	-	-
Hluhluwe Phases 3 and 4	Supply of water	Construction	412.2	-	0.3	99.3	33.8	2.0	4.4	-
Masakona pipeline	Supply of water	Construction	19.0	-	-	19.0	-	-	-	-
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Olifants River water resources development project: De Hoop dam: Phase 2A	Supplying water to new mining developments, augmentation of domestic water supplies to urban and rural users in the middle Olifants river catchment area and to various communities on the Nebo Plateau and Sekhukhune	Construction	3 074.0	604.2	562.6	386.3	171.0	102.7	21.5	-
Olifants River water resources development project: Phases 2B/G	Flag Boshielo to Mokopane pipeline and second pipeline between Flag Boshielo to Mokopane	Feasibility	13 114.0	-	-	-	-	91.8	480.5	825.4
Olifants River water resources development project: Phase 2C	Bulk distribution works from Flag Boshielo to Mokopane, De Hoop to Steelpoort, Steelpoort to Mooihoek, Mooihoek to Olifantspoort and Nebo Plateau to Roossenekal	Construction	3 400.0	267.1	468.7	566.9	543.8	546.1	465.1	164.2
Olifants River water resources development project: Phase 2D	Second pipeline between Steelpoort Weir and Mooihoek	Design	834.5	-	-	-	-	68.4	334.0	432.1
Olifants River water resources development project: Phases 2E and 2F	2nd Pipeline parallel to Lebalelo scheme and Lebalelo Scheme to Olifantspoort	Design	2 412.2	-	-	-	-	-	-	-
Olifants River water resources development project: Phase 2H	Incorporating the Lebalelo Infrastructure Olifants River Water resources development project	Design	1 444.4	-	-	-	-	128.3	399.6	287.3
Groot Letaba River water development project: Nwamitwa dam	Meeting projected growing primary supply requirements to the year 2025, improve water availability for the riverine ecosystem; build Nwamitwa Dam	Feasibility	1 325.0	-	-	-	17.1	92.7	203.8	365.4

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17	
R million											
Dam safety rehabilitation programme	Rehabilitating assets and improving dam safety	Construction	2 800.0	327.7	300.5	220.6	228.0	250.8	360.0	400.0	
Water resources project: raising of Clanwilliam dam	Upgrading existing dam to stabilise the distortion; augment agricultural water supply to meet increasing demands	Construction	2 200.0	-	9.3	228.7	184.2	467.9	800.2	540.7	
Mokolo River and West Crocodile River water augmentation project: Phase 1	Augmenting domestic and industrial water supply to the new Eskom/independent power producer stations to extend associated mining activities and accommodate the fast growing population in the area	Design	2 138.0	155.2	293.0	-	22.8	57.0	102.6	23.9	
Mokolo River and West Crocodile river water augmentation project: Phases 2A and 3	Augmentation of domestic and industrial water supply to the new Eskom/independent Power Producer power stations to extend associated mining activities and accommodate the fast growing population in the area	Feasibility	13 950.0	-	-	-	30.2	171.0	355.7	246.2	
Mzimvubu water project	Developing bulk water and wastewater infrastructure that will enable the connection of municipal reticulation infrastructure	Design	20 000.0	-	-	-	-	-	264.0	430.0	
Lusikisiki regional Water Supply Scheme: Zalu Dam on the Xura River	Developing bulk water and wastewater infrastructure that will enable the connection of municipal reticulation infrastructure	Feasibility	5 000.0	-	-	-	-	-	-	-	
Groot Letaba River water development project: Tzaneen dam raising	Meeting the projected growing primary supply requirements for 2025; improve water availability for the riverine ecosystem; raise Tzaneen dam	Design	125.0	-	-	-	10.0	12.1	99.0	85.3	
Midoti River development project: Raising of Hazeliers dam	Augmenting water supply to Umgeni Water for treatment, for Kwazulu-Natal north coast	Design	360.0	10.8	4.5	13.0	0.2	156.0	81.2	44.0	
Mopani district municipality emergency works	Returfishing dilapidated infrastructure	Construction	80.0	-	-	36.8	56.0	59.5	37.6	25.1	
Enterprise resource programme system upgrade	Upgrading the current version of SAP to the new version.	Construction	205.0	-	53.8	22.6	0.1	58.0	-	-	
National water resources infrastructure support/project management	Fund national office costs including construction, engineering, operations and new development	Feasibility	-	-	-	213.3	236.1	250.2	265.2	281.2	
Financial management/project support	Fund financial management and SAP maintenance and support	Feasibility	-	-	-	207.1	185.1	217.1	228.0	241.7	
Mzimkulu River - Nowabeni Off-Channel Storage	Ensuring a reliable water supply to the northern part of the Lower KZN South Coast during dry periods.	Feasibility	650.0	-	-	-	-	-	-	-	
Bushbuckridge water treatment plant, pipelines and reservoirs	Supplying water to Bushbuckridge area	Hand over	114.0	-	-	-	114.0	-	-	-	
Molopo Eye water treatment plant, pipelines and reservoirs	Supplying water to North west area	Hand over	39.8	-	-	16.6	39.8	-	-	-	
Ermelo water treatment plant, pipelines and reservoirs	Supplying water to Bushbuckridge area	Hand over	47.8	-	-	-	47.8	-	-	-	
Zeerust water treatment plant, pipelines and reservoirs	Supplying water to Zeerust area	Hand over	14.2	-	-	-	14.2	-	-	-	
<b>Total</b>			<b>126 464.0</b>	<b>2 314.8</b>	<b>3 569.3</b>	<b>5 685.8</b>	<b>5 523.3</b>	<b>7 640.0</b>	<b>9 741.9</b>	<b>10 296.2</b>	