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Medium-term priorities and public service delivery

- The 2009 Budget supports long-term growth and employment creation and puts forward measures to protect poor households during the period of slower economic growth ahead. Over the medium term government spending will focus on public employment programmes, improving the quality of education and health care, combating crime, investing in infrastructure and speeding up rural development. Additional allocations of R161 billion are proposed over the next three years, increasing public expenditure by 5.1 per cent a year in real terms.
- At the same time, the more constrained economic environment obliges government to take further steps to improve efficiency and obtain value for money in public spending. The 2009 Budget reflects savings measures amounting to R19 billion across all national departments and provinces. This step builds on the success of efficiency savings realised in last year's budget, and includes cost-saving measures focused on goods and services, foreign travel and non-essential expenditure, and curtailing non-performing government programmes.

■ Key spending trends and budget priorities

During the economic slowdown, government intends to sustain a robust expansion of public spending, consistent with its counter-cyclical approach to fiscal policy. In particular, the 2009 Budget targets spending in areas that contribute to long-term growth and development, such as physical infrastructure and human capital. The budget also protects low-income households through continued expansion of the social wage and a significant step-up in public works programmes.

Over the past seven years, strong growth in public spending has enabled government to make further progress in improving the quality

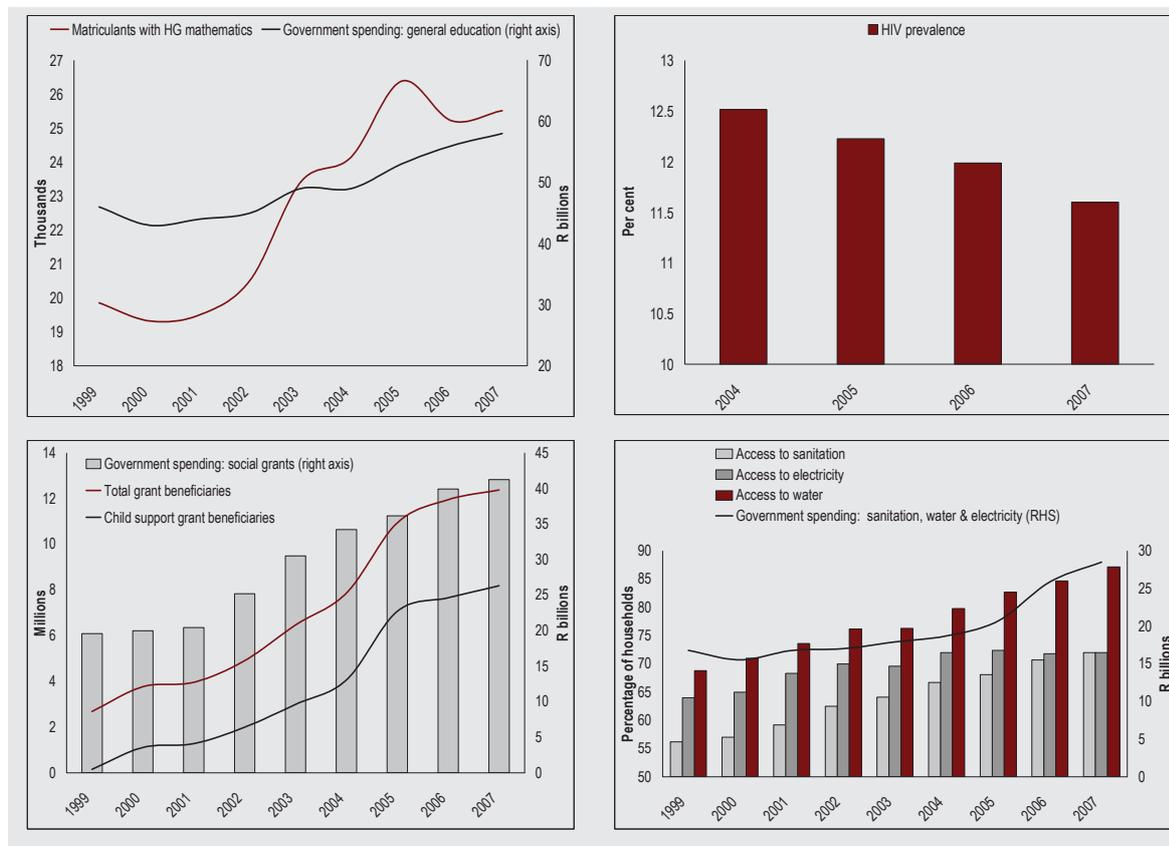
Strong growth in public spending is sustained to support long-term growth and social development

of life of all South Africans, with particular emphasis on improving the livelihoods of the poor. Since 2004, spending on built environment infrastructure, which includes housing, public transport, roads, water, sanitation and electricity, has grown by more than 16.5 per cent a year. Spending on education, health and social development has also grown strongly, enabling the continued expansion of access to these services. The criminal justice system has benefited from increased numbers of personnel, improved salaries, better technology and enhanced surveillance capabilities.

Figure 1 shows the progress made across a range of social indicators, while underlining the challenges over the period ahead:

- The number of matriculants passing mathematics on the higher grade has increased from 19 000 in 2001 to 26 000 in 2007.
- The proportion of people infected with HIV and Aids fell between 2004 and 2007, while the number of people receiving anti-retroviral therapy grew from 15 311 in 2004 to 560 000 in 2008.
- The number of people receiving social grants, including the child support grant, has increased more than fivefold, from 2.4 million to 13.3 million since 1999.
- The proportion of households with access to electricity, water and sanitation grew significantly between 1999 and 2007.

Figure 7.1: Key spending and service delivery trends, 1999-2007



Source: Global Insight and the Development Indicators (2008)

These are substantial achievements, yet South Africa still faces considerable developmental challenges. High unemployment, the uneven quality of health care and education, and high rates of serious crime remain key public concerns. Given the present economic slowdown, addressing these challenges will be more difficult in the period ahead. The 2009 Budget therefore targets spending on front-line services, especially as they relate to government's key priorities:

- Enhancing the quality of education and skills development.
- Improving the provision of health care, with particular emphasis on reducing infant, child and maternal mortality rates, and broadening prevention and treatment programmes tackling HIV and Aids and tuberculosis (TB).
- Investing in the criminal justice sector to reduce crime levels and enhance public safety.
- Expanding investment in the built environment to improve public transport and meet universal access targets in electricity, water, sanitation and housing.
- Decreasing rural poverty by taking steps to raise rural incomes and improve livelihoods by enhancing access to land and providing support for emerging farmers.

In addition to these priorities, several cross-cutting themes are reflected in the 2009 Budget. These include support for employment-creation programmes, initiatives to increase the capacity of the state to meet its responsibilities and, over the longer term, steps to reduce carbon emissions and mitigate the effects of climate change.

Spending on public employment projects grows in line with the extension of the expanded public works programme. Over the medium term, improved planning and coordination between national, provincial and local government will receive priority attention, alongside institutional transformation and systems modernisation to improve service delivery – especially in Home Affairs, criminal justice, education, basic household services and health.

Increasing the social wage is a central component of South Africa's developmental agenda. Further investments in the built environment to promote the availability of electricity, water, sanitation, housing and public transport infrastructure are made over the period ahead. To speed up housing delivery, government will improve coordination and integration between provinces (which administer the housing grant) and municipalities (which provide bulk infrastructure). Government will also step up funding for land and agrarian reform, with a focus on providing support for emerging farmers.

Further emphasis is placed on improving public-service efficiency by redirecting spending to front-line services. Government departments are required during the budget process to identify non-essential or wasteful expenditure, such as excessive travel or promotional activities, and to curtail ineffective programmes, to contribute either to savings or for reprioritisation. The inflation assumptions on which salary increases have been budgeted for have been revised given the improved inflation outlook since the tabling of the 2008 *Medium Term*

Budget targets spending on front-line services in education, health and criminal justice

New steps to reduce carbon emissions and mitigate effects of climate change

Stepped up funding for land and agrarian reform

Government departments are required to identify savings and curb non-essential expenditure

Budget Policy Statement. Total savings of about R19 billion have identified over the medium-term expenditure framework (MTEF) period.

The budget framework also includes an unallocated contingency reserve to provide for future expenditure on unanticipated events such as disasters. In addition, the contingency reserve allows government to augment progress achieved by provinces and municipalities in increasing labour-intensive public employment programmes, extending successful agricultural support programmes and expanding enrolment in further education and training (FET) colleges.

Development finance institutions will help to sustain the pace of investment spending

State-owned enterprises are key partners in the delivery of economic services and infrastructure. The capital investment programmes of these entities will contribute to rising output in the short term and enhanced economic capacity in the longer term. Infrastructure investment by Transnet and Eskom will increase at a rapid rate over the MTEF period. Lending by the Development Bank of Southern Africa and other development finance institutions will help to sustain the pace of investment spending.

Consolidated expenditure and revised estimates

A functional classification of government expenditure is set out in Table 7.1. It takes into account consolidated national and provincial spending, spending by various public entities and government business enterprises, and transfers to local government.

Consolidated government expenditure is projected to increase from R721.1 billion in 2008/09 to R953.1 billion in 2011/12, largely financed through the national budget.

Table 7.1 Consolidated government expenditure by function, 2008/09 – 2011/12

R million	2008/09	2009/10	2010/11	2011/12	Average annual growth	
	Revised estimate	Medium-term estimates			2005/06–2008/09	2008/09–2011/12
General public services	48 131	51 257	54 379	56 087	17.5%	5.2%
Defence	30 778	34 708	35 527	38 030	6.3%	7.3%
Public order and safety	67 810	75 529	82 876	92 542	12.5%	10.9%
Police services	44 349	49 540	54 705	59 327	12.6%	10.2%
Law courts	10 343	11 808	12 748	13 704	17.1%	9.8%
Prisons	13 119	14 181	15 423	19 511	9.1%	14.1%
Economic affairs	126 157	179 559	177 722	160 592	25.4%	8.4%
General economic, commercial and labour affairs	24 716	29 186	29 305	30 196	19.6%	6.9%
Agriculture, forestry, fishing and hunting	15 926	15 992	17 583	19 788	18.4%	7.5%
Fuel and energy	17 220	46 334	39 415	21 521	47.5%	7.7%
Mining, manufacturing and construction	2 984	2 891	2 823	2 965	13.0%	-0.2%
Transport	51 906	69 544	72 508	68 963	33.2%	9.9%
Communication	13 405	15 611	16 088	17 159	12.6%	8.6%
Environmental protection	5 146	5 589	6 191	6 512	11.3%	8.2%
Housing and community amenities	65 297	73 184	82 358	92 041	16.0%	12.1%
Housing development	15 915	19 576	20 837	23 337	27.2%	13.6%
Community development	29 922	29 721	35 572	38 745	33.5%	9.0%
Water supply	19 460	23 888	25 948	29 960	-3.3%	15.5%
Health	80 809	86 945	97 632	105 351	17.3%	9.2%
Recreation and culture	9 857	7 742	5 751	5 372	45.5%	-18.3%
Education	127 344	140 427	156 111	169 683	14.0%	10.0%
Social protection	105 441	118 128	129 058	140 033	13.4%	9.9%
Allocated expenditure	666 771	773 068	827 604	866 243	16.3%	9.1%
State debt cost	54 281	55 268	60 140	66 826	2.2%	7.2%
Contingency reserve	–	6 000	12 000	20 000		
Consolidated expenditure ¹	721 052	834 336	899 744	953 069	14.9%	9.7%

1. Consisting of national, provincial, social security funds and selected public entities. Refer to Annexure W2 for a detailed list of entities included.

Proposed revisions to expenditure plans

The MTEF operates as a three-year budget framework, revised annually. This chapter discusses additional allocations to departments by category of spending. Over the next three years, spending plans have been increased by R161 billion relative to the 2008 Budget. Revisions to the 2009/10 spending estimates are summarised in Table 7.2. Key expenditure increases include:

- R24.8 billion to provinces to expand no-fee schools, reduce infant and child mortality and improve welfare services, among others
- R2.9 billion for local government to provide free basic services
- R6.4 billion for public transport, roads and rail infrastructure
- R4.1 billion to extend the expanded public works programme
- R7.9 billion for housing and municipal infrastructure

Over the next three years R161 billion is added to the spending framework

Table 7.2 2009 Budget priorities – additional MTEF allocations, 2009/10 – 2011/12

R million	2009/10	2010/11	2011/12	Total
Provincial equitable share	5 585	7 364	11 849	24 798
Includes school education, health care and welfare services				
Local government equitable share	491	614	1 829	2 934
Education, health and welfare				
Higher education, National Student Financial Aid Scheme and recapitalisation of technical high schools	548	764	1 597	2 909
School nutrition programme	583	1 322	2 097	4 002
Hospitals and tertiary services	204	360	397	961
Comprehensive HIV and Aids	200	325	407	932
Social grants and SASSA	2 510	4 231	6 433	13 174
Housing and built environment				
Housing grants	711	804	2 146	3 662
Municipal infrastructure and related services	755	851	2 690	4 295
Infrastructure grant to provinces	453	1 234	2 456	4 143
Cultural institutions (Freedom Park)	200	134	–	334
Economic infrastructure and investment				
Public transport, roads and rail infrastructure	1 377	1 796	3 221	6 394
Communications infrastructure including ICT for 2010 FIFA World Cup	570	601	415	1 586
2010 FIFA World Cup stadiums	281	217	–	497
Eskom loan	30 000	20 000	–	50 000
Gautrain loan	4 200	–	–	4 200
Public Enterprises (South African Airways)	1 560	–	–	1 560
Industrial development and productive capacity of the economy				
Industrial development and regulatory capacity	364	647	623	1 634
Land and agrarian reform	197	305	1 277	1 779
Justice, crime prevention and policing				
Policing personnel, facilities and 2009 elections	300	900	2 600	3 800
Justice and occupation-specific dispensation for legally qualified personnel	150	225	300	675
Correctional Services personnel	300	300	300	900
International relations and defence				
Defence account and Waterkloof Air Base renovations	541	150	250	941
Foreign Affairs capacity and African Renaissance Fund	225	65	230	520
Public administration capacity				
Home Affairs and entities	235	316	677	1 227
Border control	100	300	500	900
Expanded public works programmes - Public Works	81	360	309	749
Other adjustments	7 743	3 613	9 758	21 114
Total policy adjustments	60 463	47 797	52 361	160 621

- R9.1 billion for school infrastructure, hospitals and related provincial infrastructure
- R1 billion to manage electricity consumption
- R13.2 billion for the increased uptake of social grants
- R4 billion to expand the national school nutrition programme
- R1.6 billion for industrial development and consumer protection
- R1.8 billion for rural development and agrarian reform
- R5.4 billion to establish an integrated criminal justice sector, including funding for specialised personnel and systems
- R1.1 billion for passport printing machines and improving Home Affairs services.

The *Estimates of National Expenditure* publication provides greater detail on national government spending across all departments.

■ Cross-cutting policy priorities

Employment

Government is extending the expanded public works programme, which has created thousands of short-term jobs in construction and environmental, social and community services, for a second five-year period. Over the medium term an additional R4.1 billion is proposed to support the next phase of this programme, which will focus on increasing subsidised employment in areas such as home-based care and community health services. In addition, project-based employment in construction and environmental programmes will be scaled up and will include performance-based funding incentives for provinces and municipalities to meet more labour-intensive delivery targets in their public employment programmes.

Expanded public works programme aims to grow the base and increase the duration of employment

Government is allocating an additional R550 million to the successful Working for Water and Working on Fire programmes over the period ahead. These programmes support improved environmental management and preservation of productive land. They operate in all provinces, drawing their workforce from poor communities. Together these programmes created 3.4 million person days of work in 2007/08 and aim is to create just over 4.1 million person days of work by 2011/12.

Working for Water and Working on Fire created 3.4 million person days of work in 2007/08

The Umsobomvu Youth Fund receives R996 million over the medium term to maintain youth development and employment programmes. This allocation takes into account the pending merger of the Fund and the National Youth Commission into the National Youth Development Agency.

Enhancing the capacity of the state

A number of government departments are benefiting from a closer look at the business processes involved in delivering services. Improvements to processes in Home Affairs have reduced the turnaround times for identity documents. Similarly, more streamlined administration procedures have enhanced revenue collection and made compliance easier. Business process change and technology are also being used to improve court case management.

Signs of progress at Home Affairs as ID document turnaround times decrease

Several regulatory authorities, including the Competition Commission, receive additional resources to enhance their work. The Departments of Education, Health, Transport, and Trade and Industry all receive money for standards-setting authorities and for inspectors or evaluators to monitor performance and safety. Strengthening accountability in the public sector is critical to improving delivery outcomes. Enhanced reporting on service delivery performance both in the budget process and by the Presidency lays the basis for tighter scrutiny and oversight of public spending by the legislatures.

Support for economic regulatory authorities

Government is reinforcing programmes to enhance energy efficiency

Mitigating global climate change

South Africa is a major contributor to greenhouse gas emissions. To transform the country's environmental profile, government has launched several initiatives, including programmes to improve energy efficiency, reduce carbon emissions (particularly in the transport sector) and support more environmentally advanced technologies in power generation. The 2008 Adjustments Budget provided R180 million to Eskom for the rollout of the electricity demand-side management programme, which focuses on replacing incandescent light bulbs with compact fluorescent light bulbs and the exploration of new energy sources. Over the MTEF, R675 million is allocated to municipalities for electricity demand-side management through a conditional grant.

Working for Energy, a new labour-intensive programme, uses biomass to generate electricity

The 2009 Budget also provides R45 million to Working for Energy, a new programme that uses biomass to generate electricity. The programme is expected to create 230 000 person days of work by 2011/12. A further R30 million is made available to support research on mitigation and adaptation strategies that will lead towards the development of the national climate change response policy.

Social services

Education and skills development

Government's contribution to public education remains its single largest investment, reflecting the fact that education is key to reducing poverty and accelerating long-term economic growth. At a consolidated government level, education spending has grown by 14 per cent a year for the past three years and is projected to grow by 10 per cent a year over the next three years.

60 per cent of schools will soon be no-fee schools

The largest component of education spending occurs at a provincial level. Key priorities for provincial governments in education include extending the no-fee schools policy to 60 per cent of schools, increasing allocations for school buildings – including provision for eliminating unsafe and dangerous facilities – and ensuring adequate water and sanitation. These priorities are detailed in Chapter 8. Continued support is also provided for teacher bursaries and training resources, as well as learner support materials.

Baseline funding for FET colleges includes R955 million to provide bursaries for 162 360 students to access newly designed programmes at these institutions. During 2007 about 50 FET colleges received new equipment and infrastructure. A further R285 million is allocated for the recapitalisation of technical high schools over the next three years. This allocation supports improved teacher training and development, as well as upgrades to facilities and equipment.

Higher education subsidies are increased to expand enrolment

An additional R700 million is allocated for higher education subsidies to cater for increases in university costs and enrolments. The total number of students enrolled in higher education will increase from 783 900 in 2008 to 836 810 by 2011. This allocation is also aimed at improving facilities. The National Student Financial Aid Scheme

receives an additional R330 million to improve access for poor learners to higher education. The target is to provide assistance to 150 000 students a year by 2011, up from 120 000 in 2008.

An allocation of R31 million is made available to establish a National Education Evaluation Unit to evaluate and enhance school and teacher performance, and to optimise the new salary dispensation for teachers, which includes an element of performance pay.

The national school nutrition programme

The national school nutrition programme is a key component of government's anti-poverty strategy. The programme has contributed to improved learner attendance and ability to study. In 2007, the programme fed about 6 million learners on at least 156 days at 18 000 primary schools.

Over the next three years the programme receives an additional R4 billion, bringing overall funding for school nutrition to R10.6 billion. The additional allocation is aimed at improving the quality of meals served and extending coverage to 3 929 secondary schools by the end of 2011/12.

Transforming the quality of health care

While health spending has increased strongly over the past five years, a rising disease burden has kept major parts of the health system under stress. Staffing levels have been increased and levels of professional remuneration improved, but better management of this complex system is required to improve its functioning relative to available resources. The 2009 Budget channels funds to priority areas to lower the disease burden, reduce overall demand on the system, improve the capacity of public health care and modernise delivery infrastructure.

Funding targets a lower disease burden, reducing overall demand on public health care

The budget allocates R1.8 billion over the medium term to reduce infant and child mortality by introducing three new child vaccines. An additional R932 million is added to the *comprehensive HIV and Aids grant* to screen all pregnant women, step up mother-to-child transmission and improve drug regimens by implementing dual and triple therapy. Antiretroviral treatment programmes have expanded rapidly, taking on an additional 200 000 patients over the past 12 months. Funding by government and donors will allow the number of people on treatment to grow from 630 775 in 2008/09 to 1.4 million by 2011/12. The additional allocations bring total funding for the HIV and Aids conditional grant to R12.4 billion over the MTEF period.

Budget supports HIV and Aids screening of pregnant women, and steps up prevention and therapy

An additional R468 million is provided over the medium term to enhance TB treatment and reduce treatment default rates. Government aims to increase the cure rate from the projected 60 per cent in 2008/09 to 70 per cent in 2011/12. A national TB prevalence survey will also be conducted, providing an important foundation for managing this widespread disease.

The 2009 Budget makes provision for further improvements in the remuneration of health professionals. An additional R3 billion is allocated for the implementation of occupation-specific dispensations for doctors, dentists, pharmacists and emergency medical services professionals. A further R728 million is allocated to the hospital revitalisation programme. A total of 31 hospitals are under construction, 18 of which will be completed over the next three years.

Of the 31 hospitals under construction, 18 will be completed by 2011/12

New bodies to monitor norms for hospitals and to regulate medicines

A National Office for Standards Compliance (R22.5 million) will be established to set and audit national norms and standards for hospitals and primary care centres. The new South African Health Products Regulatory Authority (R44.5 million) will be established, replacing the Medicines Control Council over the medium term.

Social assistance and welfare services

More than 13 million people will be receiving social grants in 2009

South Africa's system of social grants continues to play a significant role in the reduction of income poverty. Grant recipients grew from 2.4 million beneficiaries in 1996 to a projected 13.4 million in 2009. These grants are discussed in detail in Chapter 6. To cater for its expansion, an additional R12 billion is allocated to the social grants programme over the MTEF period, and R1.2 billion is allocated for increases in transaction costs associated with beneficiary payments.

Table 7.3 Social services: expenditure by vote, 2005/06 – 2011/12

R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Outcome			Revised estimate	Medium-term estimates		
Appropriation by vote							
Arts and Culture	1 121	1 330	1 586	2 126	2 623	2 435	2 449
Education	12 437	14 250	16 241	19 743	21 287	25 138	28 129
<i>Grants to provinces</i>	1 248	1 713	2 008	2 909	2 572	3 931	4 978
Health	9 937	11 338	12 763	15 551	17 058	19 614	20 863
<i>Grants to provinces</i>	8 907	10 207	11 553	14 091	15 578	18 013	19 172
Labour	1 296	1 454	1 949	1 644	2 126	2 272	2 410
Social Development	55 068	61 676	67 191	76 393	86 408	94 672	102 306
Sport and Recreation SA	437	887	5 048	4 885	2 860	1 250	771
<i>Grants to local government</i>	–	600	4 605	4 295	2 169	513	–
<i>Grants to provinces</i>	24	119	194	279	402	426	452
Total	80 296	90 934	104 778	120 342	132 363	145 381	156 928
Direct charges against the National Revenue Fund							
Labour: Skills development	4 883	5 328	6 284	7 530	7 750	8 424	9 149
Total	85 179	96 262	111 062	127 872	140 113	153 805	166 076

Justice and protection services

Justice, crime prevention and security

Funds support an expanded criminal DNA database and technology improvements

Poor integration between the constituent parts of the system, inadequate forensic and investigative capacity, and insufficient use of technology are key problems facing the criminal justice sector. An amount of R3 billion is allocated for restructuring criminal justice services over the medium term. These funds provide for expanding the criminal DNA database, accelerating the rollout of national fingerprint and case management systems, and upgrading IT networks. An additional R750 million is provided to the Department of Safety and Security to increase the number of police officials from 183 180 in 2008/09 to 204 860 in 2011/12, with a particular focus on bolstering detective and forensic capacity. The department also receives funds for the policing of the 2009 elections and the 2010 FIFA World Cup.

The Department of Justice and Constitutional Development will receive an additional R525 million over the period for the implementation of an occupation-specific dispensation for legally qualified professionals. This additional funding will also enable the department to hire 250 more court clerks and 50 more family advocates. For the implementation of the Child Justice Bill and legislation dealing with sexual offences, R150 million has been allocated over the MTEF period.

250 more court clerks and 50 more family advocates to be hired over the period

The Department of Correctional Services has baseline funding to procure four new correctional centres at Paarl, East London, Klerksdorp and Polokwane through public-private partnerships. These facilities will provide capacity for 12 000 inmates, reducing prison overcrowding. A further R900 million is allocated to the Department of Correctional Services to enable the department to change its shift system to reduce the amount of overtime worked.

Procurement of four new correctional facilities will decrease prison overcrowding

Defence

The Department of Defence will receive an additional R600 million over the medium term for the upgrading of the Waterkloof Air Force Base. A further R80 million is allocated to expand the Reserve Force, which now stands at 17 750 members, by an additional 2 900 trained members to supplement landward defence capability.

Table 7.4 Justice and protection services: expenditure by vote, 2005/06 – 2011/12

R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Outcome			Revised estimate	Medium-term estimates		
Appropriation by vote							
Correctional Services	9 631	9 251	11 122	12 339	13 239	14 269	18 099
Defence	23 511	23 818	25 180	27 749	32 024	32 389	34 419
Independent Complaints Directorate	55	65	81	98	115	127	140
Justice and Constitutional Development	5 154	6 005	7 374	8 516	9 658	10 343	11 056
Safety and Security	29 361	32 521	36 386	41 492	46 410	50 966	55 030
Total	67 711	71 660	80 143	90 194	101 446	108 094	118 743
Direct charges against the National Revenue Fund							
Justice and Constitutional Development: judges and magistrates salaries	1 040	1 099	1 185	1 434	1 670	1 830	1 954
Total	68 751	72 760	81 328	91 628	103 115	109 924	120 697

Economic services

Investment in economic infrastructure

Investment in economic infrastructure is a key platform for accelerated economic growth and long-term job creation. Public transport remains a key focus. To overhaul and upgrade 1 900 coaches and improve the signalling system over the medium term, an additional R600 million is made available to the South African Rail Commuter Corporation. This brings total infrastructure transfers to the corporation to R15.2 billion over the period. A further R13 million is

Transfers for railway signalling upgrades and infrastructure improvements total R15.2 billion

More than 28 000 unsafe taxis to be scrapped over the next three years

added for rail safety inspectors to strengthen the capacity of the Railway Safety Regulator.

The taxi recapitalisation project receives supplementary funding of R350 million, raising spending on the programme to R1.6 billion and providing for the scrapping of 28 566 old taxis over the next three years.

165 km of Gauteng's primary road network is being upgraded

To accommodate general cost increases and growing passenger volumes, a further R1.8 billion is made available for bus subsidies. The bus subsidy programme is being restructured to flow as a conditional grant to provinces to enable better management of the subsidy arrangement. Government will spend more than R11.5 billion on the bus subsidy programme in the period ahead.

The Gauteng Freeway Improvement Scheme will upgrade 165 km of the primary road network over the long term, with costs to be recovered from road users through an electronic tolling system. To ensure continued road maintenance and improved safety on non-toll roads, the South African National Roads Agency will receive an additional R900 million.

The transition to digital television broadcasting will be supported over the medium term with an allocation of R780 million to the Universal Access Services Agency, subsidising set-top boxes, and to assist Sentech in fulfilling its universal access obligations.

Housing and the built environment

Government to spend R45 billion on housing grants over the next three years

Government continues to prioritise spending on housing, with the primary goal of eradicating informal settlements. Over the MTEF period, the *integrated housing and human settlement grant* to provinces receives an additional R1.5 billion to speed up housing delivery. These additional allocations will bring total government expenditure on housing grants to just over R44.8 billion in the period ahead. Of this appropriation, R500 million is for the resettlement of 25 000 households living on dolomitic land in the Khutsong area. An amount of R120 million is provided for the establishment of the Housing Development Agency, the purpose of which is to acquire, develop and release state, communal and privately owned land for residential use.

The *municipal infrastructure grant* is the main conduit of funds to municipalities for capital spending to extend basic services, and to build roads and sports facilities. This grant receives a further R1.9 billion and grows by 17 per cent a year over the period. Changes to the structure of the grant are discussed in Chapter 8.

R1 billion to install or rehabilitate 71 water and sanitation schemes

The Department of Water Affairs and Forestry receives additional funding of R1 billion for installation and rehabilitation of 71 bulk water and sanitation schemes. An additional R85 million is provided for training in water management and engineering skills and to reduce unlawful water use through enhanced monitoring. Financial assistance is also provided for the Forest Broad-based Black Economic Empowerment Charter, which will promote the participation of small black-owned businesses in forestry.

Rural development and agrarian reform

Raising rural incomes, increasing food production and enhancing the viability of small farmers are key objectives of government's rural development agenda.

Sharp food price increases over the past year have exposed South Africa's vulnerability in this area, partly because domestic agricultural infrastructure has been neglected. The land and agrarian reform programme receives an additional R650 million over the medium term to support infrastructure for vegetable and fruit production on 450 000 ha of prime agricultural land in KwaZulu-Natal and dry-land crop production (i.e. without irrigation) on 400 000 ha of land in the Eastern Cape. These funds will also be used for soil preparation, rehabilitation of irrigation systems, fencing and storage facilities. Spending on rural roads is a priority in provincial budgets.

Funding for agricultural infrastructure to help small farmers increase production

Since 1994, government has transferred about 5 million ha of agricultural land to land reform beneficiaries. In addition to R12.7 billion already in the baseline, an additional R300 million is allocated to increase land redistribution by an additional 100 000 ha over the spending period, and R400 million is allocated towards settling the remaining 4 707 restitution claims by the end of 2011/12, raising land restitution funding to R5 billion over the next three years.

Government aims to settle 4 707 remaining land restitution claims

Industrial development

The 2009 Budget provides support to industrial programmes and sectors that encourage exports and employment creation, while strengthening regulatory institutions that promote competition and consumer protection.

Industrial support for sectors that encourage exports and job creation

Electricity

Since its inception in 2002, the integrated national electrification programme has provided 4.8 million households with access to electricity. By March 2009, government will have spent a total of R8 billion on electrification. However, the rate of new connections is slowing down because bulk infrastructure needs to be provided in the backlog areas not previously served. If universal access to electricity is to be achieved by 2014, improved planning, resource optimisation and complementary approaches to distribution and maintenance are vital.

In 2008, government committed to supporting more efficient use of energy by installing electricity-saving devices, using renewable sources of electricity generation and exploring co-generation projects. Government will spend R1.5 billion on these programmes over the spending period.

Electricity programme allocations

R million	2008/09	2009/10	2010/11	2011/12	Total
Demand-side management	180	250	330	400	1 160
Eskom	180	75	110	120	485
Municipalities	–	175	220	280	675
Renewable energy	–	10	30	60	100
Renewable energy finance and subsidy office	–	5	15	35	55
Working for energy	–	5	15	25	45
Energy efficiency	20	40	90	140	290
National Clean production centre	–	5	15	20	40
Energy-efficiency government buildings	20	35	75	120	250
Total	200	300	450	600	1 550

A new subsidy scheme for the motor car industry

Government intends to leverage the potential of the automotive industry to boost employment and promote export growth. The new automotive production and development programme, which will include a transfer subsidy scheme administered by the Department of Trade and Industry, will replace the motor industry development programme. An amount of R870 million is budgeted over the medium term for implementation of the new production subsidy.

Programmes that promote job creation in small businesses receive support. Building on its success in helping small firms to access trade opportunities, the Small Enterprise Development Agency is allocated an additional R200 million for new programmes and a service delivery network.

Consumer protection receives a boost

South Africa needs strong consumer protection agencies. To bolster capacity for law administration and enforcement of regulatory functions, an additional R150 million is provided for the National Consumer Tribunal, the South African Bureau of Standards, the Competition Commission and the newly created National Regulator for Compulsory Specifications. A further R258 million is allocated for the South African Bureau of Standards to acquire testing equipment.

Table 7.5 Economic services and infrastructure: expenditure by vote, 2005/06 – 2011/12

R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Outcome			Revised estimate	Medium-term estimates		
Appropriation by vote							
Agriculture	1 909	2 224	3 333	2 820	2 793	3 089	3 602
<i>Grants to provinces</i>	410	401	762	868	877	1 117	1 437
Communications	1 034	1 320	1 912	2 332	2 267	2 264	2 123
Environmental Affairs and Tourism	1 776	2 060	2 789	3 207	3 481	3 884	4 147
Housing	5 249	7 166	8 586	10 635	13 589	16 138	18 410
<i>Grants to provinces</i>	4 868	6 678	8 150	9 921	12 592	15 027	17 222
Land Affairs	2 875	3 720	5 893	6 659	6 099	6 490	7 661
<i>Grants to provinces</i>	8	8	–	–	–	–	–
Minerals and Energy	2 192	2 608	2 947	3 685	4 647	5 106	5 439
<i>Grants to local government</i>	297	391	462	494	1 108	1 240	1 377
Provincial and Local Government	15 976	24 576	30 030	34 870	35 607	42 542	47 753
<i>Local government equitable share</i>	9 643	18 058	20 676	25 560	23 847	29 268	31 890
<i>Grants to local government</i>	5 947	6 138	8 954	8 837	11 285	12 741	15 293
<i>Grants to provinces</i>	41	–	–	30	–	–	–
Public Enterprises	2 671	2 590	4 604	3 268	3 797	312	184
Science and Technology	2 041	2 613	3 127	3 722	4 234	4 708	5 098
Trade and Industry	3 056	3 805	5 295	5 077	6 344	5 753	6 004
Transport	10 410	13 360	16 332	24 142	23 735	25 480	27 921
<i>Grants to provinces</i>	–	3 241	3 029	4 040	6 409	4 215	4 153
<i>Grants to local government</i>	242	518	1 174	3 179	2 428	4 300	5 160
Water Affairs and Forestry	3 804	4 306	5 385	6 467	7 894	8 293	9 463
<i>Grants to local government</i>	165	386	733	995	979	570	380
Total	52 993	70 347	90 233	106 882	114 487	124 060	137 806

■ Governance and administration

Enhancing the administrative capacity of the state

The Department of Home Affairs has changed the way its services are delivered to the public. An integrated IT system and improved business processes have speeded up the processing of documents and applications. It now takes about 60 days to issue a first-time identity document, down from 127 days in 2007. Over the MTEF, an additional allocation of R936 million is provided to bring the standard processing time down to 30 days. A further contribution to modernisation of services is made through an allocation of R210 million to the Government Printing Works for a new passport printing machine.

Funds support more rapid processing times at Home Affairs

An additional R108 million is provided to the Independent Electoral Commission for upgrading 30 000 barcode scanners, buying 105 000 transparent ballot boxes and for voter education. In total, R929 million is budgeted for the 2009 national elections.

R929 million is provided for the 2009 national elections

To improve security at borders and ports, the South African Revenue Service (SARS), the lead border control department, receives an additional R900 million to integrate the functions of various departments involved by developing transversal IT capability and interdepartmental business processes. Border control will be centrally managed using these systems. SARS also receives funds to overhaul customs management systems to meet international standards.

Statistics South Africa receives funds to appoint 120 000 field workers for the October 2011 population census.

South Africa remains committed to strengthening regional peacekeeping, improving political and economic relations with key partners and providing support for humanitarian initiatives. Over the MTEF period, a further R225 million is allocated through the African Renaissance Fund to provide humanitarian assistance to the people of Zimbabwe.

Humanitarian aid to the people of Zimbabwe

Table 7.6 Central government administration: expenditure by vote, 2005/06 – 2011/12

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Outcome			Revised estimate	Medium-term estimates		
R million							
Appropriation by vote							
The Presidency	190	236	264	312	325	333	350
Parliament	598	755	902	914	974	1 033	1 095
Foreign Affairs	2 688	2 945	4 070	5 353	5 337	5 472	5 501
Home Affairs	3 172	2 547	3 242	4 671	5 051	5 581	5 007
Public Works	2 354	3 026	3 402	4 252	5 298	6 599	8 185
Government Communication and Information System	254	293	381	440	482	533	505
National Treasury	13 101	16 171	18 966	31 075	61 676	48 595	31 588
<i>South African Revenue Service</i>	4 254	4 875	5 511	6 303	7 036	7 949	8 600
<i>Secret Services</i>	2 330	2 223	2 584	2 844	2 997	3 252	3 473
<i>Grants to local government</i>	388	410	716	260	882	995	1 225
<i>Grants to provinces</i>	2 984	4 983	6 276	7 384	13 449	11 315	13 091
<i>Eskom loan</i>	–	–	–	10 000	30 000	20 000	–
Public Service and Administration	197	429	370	417	356	403	417
Public Service Commission	91	96	108	114	121	133	145
Public Administration Leadership and Management Academy	55	58	131	106	119	127	134
Statistics South Africa	644	1 097	1 057	1 323	1 609	2 006	2 758
Total	23 344	27 653	32 894	48 976	81 348	70 815	55 685
Direct charges against the National Revenue Fund							
The Presidency	2	2	2	4	4	5	5
Parliament	212	223	241	254	377	393	410
State debt cost	50 912	52 192	52 877	54 281	55 268	60 140	66 826
General fuel levy	–	–	–	–	6 800	7 542	8 531
Provincial equitable share	135 292	150 753	172 862	204 010	231 051	253 670	272 934
Total	209 761	230 824	258 875	307 525	374 848	392 565	404 391