

VOTE 12

DEPARTMENT OF INFRASTRUCTURE DEVELOPMENT

To be appropriated	R 1 340 481 000
Responsible MEC	MEC for Infrastructure Development
Administering Department	Department of Infrastructure Development
Accounting Officer	Head of Department

1. OVERVIEW

The overall goal and purpose of the Gauteng Department of Infrastructure Development (DID) is to develop and maintain socio-economic infrastructural conditions that allow all the people of Gauteng Province to actively participate in the economic growth of the Province.

Vision

To be a leading infrastructure provider and facilitator that positions Gauteng as a globally competitive city region with a sustainable and growing economy.

Mission

To facilitate service delivery through the development, construction and management of public infrastructure so as to optimise the creation of decent jobs and the promotion of a better life for all.

Strategic objectives

- To expand and maintain public infrastructure to keep abreast of the growing demand for infrastructure to promote the development of the province and to redress economic disparities
- To manage the provincial property portfolio for the optimum benefit of all citizens with an emphasis on maximizing access, utilization and value
- To implement and co-ordinate the Expanded Public Works Programme (EPWP) in a manner that enhances skills development and optimizes decent employment and entrepreneurship
- To improve the technical and administrative capacity of the Department towards efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship

Translation of the objectives

To ensure the implementation of all infrastructure programmes and projects reflected in the Gauteng Provincial Government's (GPG) short, medium and long term plans; to manage the construction of GPG capital expenditure (CAPEX) projects such as schools, hospitals, clinics and recreation centres; to manage the provision of maintenance services for all GPG infrastructure; to manage the provincial property portfolio; to ensure participation and involvement of communities through the implementation of the EPWP within the GPG CAPEX projects and other Departmental projects, and to utilize the construction sector as a catalyst for the development of skills, the creation of jobs and the development of sustainable communities.

Acts, rules and regulations

- Government Immovable Assets Management Act, No 19 of 2007;
- Rental Housing Amendment Act, 2007;
- Space Planning Norms and Standards Notice, No 1665 of 2005;
- Local Government: Municipal Property Rates Act, 2004;
- Broad Based Black Economic Empowerment Act, No 53 of 2003;
- Gauteng Planning and Development Act, 2003;

- Planning Professions Act, 2002;
- Project and Construction Management Act, 2000;
- Property Valuers' Profession Act, 2000;
- Preferential Procurement Policy Act, No 5 of 2000;
- Framework for Supply Chain Management, 1999;
- Rental Housing Act, 1999;
- Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998;
- Constitution of the Republic of South Africa Act 108 of 1996;
- Gauteng Land Administration Act, No 11 of 1996;
- Occupational Health and Safety Act, 1993 (and particularly the associated construction regulations);
- Rating of State Property Act, No 79 of 1984;
- Deeds Registries Act, No 47 of 1937; and
- Expanded Public Works Programme Guidelines for implementation of labour intensive construction.

OVERVIEW OF THE MAIN SERVICES TO BE DELIVERED BY THE DEPARTMENT

SERVICE	LEVEL AND QUALITY OF SERVICE
Delivery of integrated public infrastructure (capital works and maintenance)	<ul style="list-style-type: none"> • Strategic integration of infrastructure in Gauteng to ensure effective and efficient infrastructure planning, construction and maintenance, including generic model development. • The quality of service will include 100 per cent statutory compliance by all new infrastructure, adherence to planned time, cost and quality indicators, and minimum maintenance standards of statutory compliance.
Plan, co-ordinate and inform implementation of EPWP by all provincial departments	<ul style="list-style-type: none"> • Establishment of an appropriate centralized coordination and management structure to ensure solid roll out of EPWP projects across the province by municipalities and GPG departments. • Up-scaling of EPWP in all sectors, including application of EPWP principles in all infrastructure projects. • Maintenance of public infrastructure, including buildings through EPWP. • Address unemployment by creating work opportunities and skills needed for the formal job market. • Facilitate skills development through technical and institutional training. • Facilitate job opportunities by targeting the vulnerable sectors of society especially women, youth and people with disabilities.
Provision of accommodation	<ul style="list-style-type: none"> • Provide functional, safe, secure office accommodation for nine GPG line departments. • Manage the property portfolio of the province in line with Government Immovable Asset Management Act (GIAMA) requirements and other focuses of the department. • Full implementation of Market Related Rentals for all rental properties
Provision of accessible infrastructure and buildings to all citizens of the Province	<ul style="list-style-type: none"> • The Department is responsible for the promotion of access to persons with disabilities and compliance with the Occupational Health and Safety Act (OHSA) for all the buildings under the control of DID.

External activities and events relevant to budget decisions

The DID implements infrastructure projects on behalf of client departments. The plans and decisions of those departments therefore directly affect the activities of the department. However, the decisions of client departments are also subject to regulations impacting on the planning and implementation of projects. Strategic integrated infrastructure planning conducted by the Gauteng Planning Commission will enhance project planning and implementation within the Province.

Infrastructure management throughout the Province, in terms of the GIAMA and including the verification and vesting of immovable assets within the Province, is underway. User plans and custodian plans will assist with managing and accounting for the infrastructure.

The disestablishment of the former Department of Public Transport, Roads and Works (DPTRW) as well as of the Impophoma Infrastructure Support Entity (IISE), the Kopanong Precinct trading account and Emoyeni Conference Centre had an impact on the budget decisions and activities of DID. The Maintenance Chief Directorate within the Department absorbed the operations, financial commitments, personnel and data-base of IISE. The entity commissioned projects and incurred related commitments; these had to be absorbed by the Department.

Aligning departmental budgets to achieve prescribed outcomes

The Gauteng Planning Commission (GPC) played a pivotal role in the development of provincial outcomes and the compilation of provincial departments' outcomes plans in the 2010/11 financial year. The department consulted with the GPC when compiling its 2011/12 outcomes plan to ensure alignment with the provincial outcomes applicable to it. The Department's strategic plan and the annual performance plan (APP) served as a basis for the development the outcomes plan.

The APP for 2011/12 was fully aligned with the outcomes approach by ensuring that every activity planned for 2011/12 and over the 2011 MTEF period is related to the realisation of the provincial outcomes. The DID implements infrastructure projects on behalf of client departments and therefore it also contributes to the outcomes of those departments, such as “An improved quality of basic education”, “A long and healthy life for all South Africans” and “Vibrant, Equitable and Sustainable Rural Communities with food security for all” which are the primary outcomes of the Department of Education, Health and Social Development and Agriculture and Rural Development.

2. REVIEW OF THE CURRENT FINANCIAL YEAR (2010/11)

Delivery of planned infrastructure

Outcome 1: Quality Basic Education

As at December 2010, the department, through the capital works programme and its contribution to the Outcome “Improved quality of basic education”, has completed and handed over to the Department of Education 12 infrastructure projects in relation to schools; three were new construction projects and eight were refurbishment projects. The three new construction projects are Bronkhorstspuit School, Katlehong School, and Polokong Primary School. The department refurbished eight incontinent clinics at JISWA, Muriel Brandt, Felicitas, Hope, Philadelphia, Francis Viewer, Phillip Kushlick and Adelaide Tambo school.

The Department completed and handed over to the Department of Sports, Recreation, Arts and Culture the H.M Pitje and Sinaba Stadiums.

To prolong the life of public infrastructure, improve accessibility of the facilities and keep equipment in a functional state and thus guarantee access to services, the department continues to maintain government fixed assets for the Gauteng Departments of Health, Social Development, Infrastructure Development and Agriculture and Rural Development.

Reorganisation of the Department to streamline its functions with those of the former Impophoma Infrastructure Support Entity (IISE) impacted negatively on infrastructure maintenance during 2010/11. In taking over the IISE’s functions, the Department had to reorganise human and financial resources such as boiler operators and other maintenance staff. This transition slowed down maintenance activities. Corrective measures taken include recruitment of people with the relevant technical skills; this commenced during the financial year.

The Department also increased efficiency in infrastructure-related service delivery within the province through improved management of the infrastructure budget. The Infrastructure Development Portfolio Committee ring-fenced infrastructure funds to expedite infrastructure payments and hence improve infrastructure delivery.

Outcome 6: Sustainable human settlements and improved quality of household life

In contributing to the Outcome “Sustainable human settlements and improved quality of household life”, the department continued with the implementation of the Government Immovable Asset Management Act (GIAMA) of 2007 towards the mobilisation of public land for optimal usage. Implementation of the GIAMA is aimed at sound management of state immovable assets and focuses on four major areas: property verifications and valuations, vesting, updating the asset register, and transferring immovable assets from other departments in line with the Public Finance Management Act, Section 42.

Preparatory work for assisting provincial departments to comply with the provisions of the GIAMA included engagement with provincial and national property custodians in a workshop during the third quarter of the financial year to provide a communication channel for the implementation of the Act. The Department also finalised at least six User Asset Management Plans (U-AMP) and submitted these to the provincial Treasury (i.e. Department of Finance) to inform the allocation of property-related funds in the province.

As required by the national government directive, the property vesting process, which involves the registration of state owned properties in the name of the province where the property is located, resulted in approval of 367

applications by the Provincial State Land Disposal Committee against a target of 544 applications for 2010/11.

One of key requirements of the GIAMA is the compilation of an accurate property asset register. In this regard, the Department regularly updated the provincial asset register. It verified a minimum of 45 per cent of 9804 properties during the year under review.

Outcome 7: Responsive, Accountable, Effective and Efficient Local Government System

With regard to the Outcome “A responsive, accountable, effective and efficient local government system”, the Department implemented market related rentals as from the 1st June 2010 to enhance the revenue base. The implementation of market related rental rates required the Department to collate relevant data to inform the billing of tenants at market related rates. For this purpose, the Department invited all tenants to sign updated lease agreements at market related rates and also conducted door-to-door visits to ensure that these lease agreements are signed.

DID’s total rental revenue collected during the financial year exceeds R2.1 million. In order to ensure that tenants’ queries are promptly attended to and thus to motivate them to honour their rental payments, the Department developed a system called the Tenant Interaction Log that is regularly updated with queries from tenants.

With regard to the Devolution of Rates and Taxes grant, the Department continued to pay the rates and taxes of state-owned properties in the province. Despite the increase in funds allocated for this function during the financial year, the payment process is slower than expected due to incomplete or inaccurate municipal information and technical challenges in the electronic payment systems. Municipal information related issues include non receipt of some municipal bills and incomplete municipal valuation rolls. The delay in the interface between the operations of the Integrated Electricity Asset Management System (IE Works) and the Basic Accounting System also interfered with the payment process. Corrective measures taken to address these challenges include setting up a joint task team with municipalities to ensure that data is up to date. A debt management committee has been established where all municipalities and GPG Departments have worked out efficient ways of dealing with the matter and identified the period between June and September every year as critical to promoting accurate billing by municipalities.

Outcome 4: Decent employment through inclusive economic growth

The Department contributed to the Outcome “Decent employment through inclusive economic growth” through the implementation of Community Based projects. The Community Based Programme facilitates the implementation of multi-sectoral projects and therefore contributes to economic growth. Eleven community based projects were implemented during the financial year. These include the Lillian Ngoyi Market, Thulasizwe School, Simunye School, Winnie Mandela School, Sekhulisile School, Rietvallei School, Diepsloot School, Sharpeville Hall, Germiston Hospital, Natalspruit Hospital and National Youth Service learners.

These projects employed 3 397 people: 2 500 youth, 877 women and 20 people with disabilities. In addition, training was provided to 37 main contractors and 41 sub-contractors. The training provided included carpentry, plumbing and bricklaying.

The Department will have launched the Contractor Incubator Programme (CIP) by 31 March 2011. The CIP, a programme under the Emerging Contractor Development Programme, targets projects within the range of the Construction Industry Development Board (CIDB) Levels one to four, and aims to promote the development of sustainable contracting enterprises owned and controlled by historically disadvantaged individuals. The ultimate aim of the programme is to contribute to inclusive economic growth.

3. OUTLOOK FOR THE COMING FINANCIAL YEAR (2011/12)

Delivery of infrastructure and maintenance

In the 2011/12 financial year, the Department will continue to align its service delivery to the achievement of the provincial outcomes.

The key focus will be on infrastructure development and job creation.

Outcome 1: Quality Basic Education

In order to contribute to the Outcome “Improved quality of basic education”, the Department will construct new facilities and maintain existing infrastructure for the Gauteng Department of Education (GDE). Ten new infrastructure projects have been planned for the GDE.

The department plans to complete five infrastructure projects for Health and four Social Development infrastructure projects and thus contribute to realisation of the Outcome “A long and healthy life for all South Africans”. Existing infrastructure will also be maintained.

Outcome 4: Decent employment through inclusive economic growth

With regard the Outcome “Decent employment through inclusive economic growth”, the department will provide employment opportunities, especially to the gender, youth, disability and vulnerable (GEYODI) target groups. In 2012, approximately 62 698 GPG job opportunities will be made available to youth, 35 851 to women and 1 268 to people living with disabilities in 2012. In addition, 1 431 training opportunities in GPG will be made available in 2011/12.

Outcome 5: Vibrant, Equitable, Sustainable Rural Communities Contributing Towards Food Security for All

The department will contribute to the Outcome “Vibrant, equitable and sustainable rural settlements with food security for all” through the implementation of infrastructure projects for the Department of Agriculture and Rural Development (DARD). These include one new construction project, five upgrades of existing infrastructure, and the completion of eight infrastructure projects.

Outcome 6: Sustainable human settlements and improved quality of household life

With regard to the Outcome “Sustainable human settlements and an improved quality of household life”, the Department will continue with the implementation of the Government Immovable Asset Management Act (GIAMA) as well as the over-all management of the GPG property management portfolio by verifying 1000 immovable properties and registering these properties on the GPG asset register.

Outcome 7: Responsive, Accountable, Effective and Efficient Local Government System

The department will contribute to the Outcome “A responsible, accountable and effective local government system” by managing revenue generation from provincial properties and ensuring payment of rates and taxes to municipalities with the collection of R12 million in revenue and payment of R203 million to municipalities in the financial year 2011/12.

4. RECEIPTS AND FINANCING

4.1. Summary of receipts

TABLE 1: SUMMARY OF RECEIPTS: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Equitable share	748 187	949 277	1 012 068	1 012 858	1 019 491	1 019 491	1 069 706	1 161 864	1 228 249
Conditional grants		155 265	401 099	191 381	294 547	294 547	270 775	284 314	299 951
<i>Devolution of Rates and Taxes Grant</i>		155 265	401 099	191 381	294 547	294 547	270 775	284 314	299 951
Total receipts	748 187	1 104 542	1 413 167	1 204 239	1 314 038	1 314 038	1 340 481	1 446 178	1 528 200

The department is funded through equitable share and a conditional grant. In order to pay rates and taxes for all provincial owned properties, it receives one conditional grant: the Devolution of Property Rates and Taxes Grant.

Over the 2011 MTEF, total departmental receipts grow from R1.3 billion in the 2011/12 financial year to R1.5 billion in the 2013/14 financial year, an annual average rate of 7 per cent.

In the 2008/09 financial year, the department received R155.3 million through the Devolution of Property Rate Funds Grant as the payment of rates and taxes on provincial properties was devolved to the provinces by the National Department of Public Works. In 2009/10, this allocation increased to R401.1 million to fund arrears in municipal accounts. During the 2010/11 financial year, the Devolution of Rates and Taxes grant was adjusted upwards from R191.2 million to R294.5 million to cover previously unknown expenses as rating information and/or property ownership had not been clarified. Over the 2011 MTEF period, the conditional grant allocation escalates at an annual average rate of 5.3 per cent from R270.8 million in 2011/12 to R299.9 million in the 2013/14 financial year.

In 2007/08, the Department was still part of the erstwhile Department of Public Transport, Roads and Works. The equitable share as indicated in the table therefore reflects the budget allocated towards the Public Works branch at that time. The allocation of funds to the Kopanong Precinct was excluded in the financial year 2007/08. The equitable share allocation increased from R899.1 million in 2007/08 to R1.1 billion in 2008/09, as the functions and allocation of the Kopanong Precinct was devolved to the Department.

The equitable share allocation gradually increased from 2009/10, the year in which the Department of Infrastructure Development was established. The equitable share allocation increases from R1 billion in 2010/11 to R1.2 billion in 2013/14, an annual average rate of 6 per cent. During 2010/11, various commitments made by the trading entities of the erstwhile Department of Public Transport, Roads and Works were honoured by the Department.

The increase in the 2011/12 allocation will, amongst other key deliverables, will be used to establish internal computer systems, enhance the department's service delivery capacity, deliver sound infrastructure and fund lease payments related to the Kopanong Precinct.

4.2. Departmental receipts collection

TABLE 2: DEPARTMENTAL RECEIPTS: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Tax receipts									
Casino taxes									
Horse racing taxes									
Liquor licences									
Motor vehicle licences									
Sales of goods and services other than capital assets		13 171	8 455	12 942	12 942	12 942	11 500	12 000	11 950
Transfers received									
Fines, penalties and forfeits									
Interest, dividends and rent on land		435	7						
Sales of capital assets									
Transactions in financial assets and liabilities	2 193	14 832	5 715	1 347	1 347	1 347	1 460	1 533	1 617
Total departmental receipts	2 193	28 438	14 177	14 289	14 289	14 289	12 960	13 533	13 567

The Departments' main revenue sources are Sales of goods and services other than capital assets which consist of sales of tender documents, camping fees and rental income from the residential buildings. Other revenue sources include Transactions in financial assets and liabilities which mainly consist of interest and debt collected. The total revenue of the department in 2007/08 amounted to R2.2 million and the projected revenue for the 2010/11 financial year is R14.3 million. The total receipts are estimated to decrease from R 14.3 million in 2010/11 to R13 million in 2011/12 as the implementation of Market Related Rentals (MRR) may not be fully

functional. Once implementation of the MRR is fully functional and all tenants sign the updated lease agreements, the total revenue collection is expected to increase. Revenue is projected to grow at an annual average rate of 2 per cent from R12.9 million in 2011/12 to R13.6 million in the 2013/14 financial year.

5. PAYMENT SUMMARY

5.1. Key assumptions

With regard to the budget over the 2011 MTEF, the assumption was made that the mandates of the department will not change and therefore that budget, personnel and project figures will remain constant. The following elements have been taken into account when determining personnel budgets for the new MTEF:

- Number of staff and possible changes over the MTEF; and
- All salary related matters, including improvement in conditions of service CS adjustments in 1 July and January each year.

5.2. Programme summary

TABLE 3: SUMMARY OF PAYMENTS AND ESTIMATES: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
1. Administration	113 664	151 816	156 758	126 796	126 796	126 796	170 356	160 502	173 480
2. Public Works	560 979	758 564	1 034 542	868 443	978 242	978 242	962 938	1 057 912	1 113 007
3. Community Based Services	224 436	176 939	175 157	209 000	209 000	102 000	207 187	227 764	241 713
Total payments and estimates	899 079	1 087 319	1 366 457	1 204 239	1 314 038	1 207 038	1 340 481	1 446 178	1 528 200

5.3. Summary of economic classification

TABLE 4: SUMMARY OF ECONOMIC CLASSIFICATION: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Current payments	614 955	853 647	1 059 066	655 661	800 929	910 549	1 036 136	1 147 624	1 213 214
Compensation of employees	229 190	256 517	304 919	307 595	412 818	413 018	438 145	456 774	473 980
Goods and services	385 765	597 130	752 988	348 066	388 111	497 397	597 791	690 640	739 013
Interest and rent on land			1 159			134	200	210	221
Transfers and subsidies to:	204 555	221 643	306 229	548 578	513 109	287 245	280 975	295 115	311 474
Provinces and municipalities	226	9 091	12 311	290 197	353 727	126 705	270 775	284 314	299 951
Departmental agencies and accounts	38 115	207 108	290 535	258 381	158 381	150 054			
Universities									
Foreign governments and international organisations									
Public corporations and private enterprises		1				8 070			
Non-profit institutions									
Households	166 214	5 443	3 383		1 001	2 416	10 200	10 801	11 523
Payments for capital assets	79 564	11 308	1 199			644	23 370	3 439	3 512
Buildings and other fixed structures	75 656	976							
Machinery and equipment	3 908	10 332	1 199			644	21 370	1 439	1 512
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets							2 000	2 000	2 000
Payments for financial assets	5	721	(37)			8 600			
Total economic classification	899 079	1 087 319	1 366 457	1 204 239	1 314 038	1 207 038	1 340 481	1 446 178	1 528 200

The department's total payments for the period 2007/08 to 2009/10 increased from R899.1 million to R 1.4 billion at an annual average growth rate of 24 per cent. The increase is due to the absorption of the three trading entities into the Department and the fact that expenditure under Programme 1: Administration was equally divided between the two departments when the Department of Public Transport, Roads and Works were split. Over the 2011 MTEF period, the budget grows annually by an average of 7 per cent from R1.3 billion to R1.5 billion.

The largest share of the budget is allocated to Programme 2: Public Works, for the delivery of strategic economic infrastructure to facilitate sustainable economic growth and contribute to job creation. In the 2011/12 financial year, R962.9 million, or 72 per cent of the total budget of R1.3 billion, is allocated to Public Works. The expenditure for Public Works escalated from R560.9 million in 2007/08 to R1 billion in 2009/10, an average annual growth rate of 36 per cent. In the 2010/11 financial year, the budget for Public Works was adjusted upwards by R109.8 million from R868.4 million to R978.2 million as additional funding was received for the Devolution of Rates and Taxes Grant (R103.1 million) and compensation of employees (R6.7 million).

Over the 2011 MTEF period, the budget for Public Works grows at an annual average rate of 8 per cent from R962.9 million in 2011/12 to R1.1 billion in the 2013/14 financial year.

Programme 3: Community Based Programme receives the second largest share of the budget, mainly to facilitate the implementation of multi-sectoral projects across the province, in which particularly youth, women and people with disabilities are provided with relevant training and productive employment opportunities so that skills and enterprises are developed and sustained, infrastructure is developed and maintained and local economies enhanced. Expenditure under this programme declined from R224.4 million in 2007/08 to R175.1 million in 2009/10, an annual average rate of 11 per cent. This was mainly the result of a slow start to key projects caused by cash flow constraints. The allocation to the programme in the 2011/12 financial year is R207.2 million, or 15 per cent of the total budget of R1.3 billion. Over the 2011 MTEF period, the budget for the Community Based Programme increases from R207.2 million in 2011/12 to R241.7 million in 2013/14 to fund job creation initiatives.

The remaining share of the budget is allocated to Programme 1: Administration which carries out the management and administrative support functions of the Department. The expenditure under Administration increased at an annual average rate of 18 per cent from R113.7 million in 2007/08 to R156.8 million in 2009/10. In order to fill vacant posts and to purchase a server for the Department, the budget increases by 34 per cent from R126.8 million in 2010/11 to R170.4 million in 2011/12.

Total transfers and subsidies increased from R204.6 million in 2007/08 to R306.2 million in 2009/10, due to substantial transfers under departmental agencies and accounts as a result of payments for maintenance of the Kopanong Precinct buildings and payment of rentals for properties. Over the 2011 MTEF, no budget for transfers to departmental agencies and accounts is reflected as the Kopanong trading entity has been closed and incorporated into the Department. All payments in relation to the trading entity will be made under goods and services, thus contributing to the growth of the goods and services budget in the 2011/12 financial year.

Due to interest charges, over the 2011 MTEF period the budget for interest and rent on land will increase from R200 000 in 2011/12 to R221 000 in the 2013/14 financial year. Payments to municipalities for rates and taxes on provincially owned properties are made under transfers and subsidies; the allocation under transfers and subsidies over the 2011 MTEF period thus increases from R270.8 million in 2011/12 to R299.9 million. Over the 2011 MTEF period, the budget for households also increases from R10.2 million in 2011/12 to R11.5 million in the 2013/14 financial year. This provides for the payment of leave gratuities, as there are employees who may retire during the financial year, as well as for bursaries to non-employees.

Due to plans to purchase a server for the Department, payment for capital assets will increase substantially from R644 000 in the 2010/11 financial year to R23.4 million in the 2011/12 financial year. The Department is currently running from the Department of Roads and Transport's server.

The allocation under compensation of employees grows by 6 per cent from R413 million in the 2010/11 financial year to R438 million in 2011/12 as the Department is planning to fill all critical vacant posts; the majority of staff members are currently still on contract.

5.4. Infrastructure payments

5.4.1. Departmental infrastructure payments

TABLE 5: DEPARTMENTAL INFRASTRUCTURE PAYMENTS: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
New infrastructure assets	5 500	61 329	57 767	72 562	72 562	72 562	133 217	63 294	13 991
Existing infrastructure assets	98 222	78 201	213 265	106 631	106 631	106 631	105 300	238 700	83 500
Upgrading and additions	33 435	950	198 313	75 929	75 929	75 929	52 300	238 000	83 500
Rehabilitation, renovations and refurbishment	64 787	77 251							
Maintenance and repair			14 952	30 702	30 702	30 702	53 000	700	
Infrastructure transfers									
Current									
Capital									
Current infrastructure			14 952	30 702	30 702	30 902	53 000	700	
Capital infrastructure	103 722	139 530	256 080	148 491	148 491	148 491	185 517	301 294	97 491
Total departmental infrastructure	103 722	139 530	271 032	179 193	179 193	179 193	238 517	301 994	97 491

The forecast procurement of new infrastructure assets for 2011/12 doubled, increasing from R72.6 million in 2010/11 to R133.2 million in the 2011/12 financial year. In the 2011/12 financial year, the Department will construct new buildings including multi-purpose centres, heritage centres and a market (Lillian Ngoyi market).

In the financial year 2012/13 the department will be focusing heavily on the efficient and sustainable usage of its existing infrastructure. The budget for upgrading and additions declines significantly by 31 per cent from R75.9 million in 2010/11 to R52 million in 2011/12. The budget for maintenance and repair increased significantly by 72 per cent from R30.7 million in 2010/11 to R53 million in 2011/12. This increase shows that a strong focus in 2011/12 will be on the maintenance and repair to existing infrastructure assets.

5.4.2 Departmental public private partnership (PPP) projects

None

6. PROGRAMME DESCRIPTION

PROGRAMME 1: ADMINISTRATION

Programme description

To conduct the overall management and administrative support function to the Office of the MEC and department.

Programme objectives

To render advisory, secretarial, administrative and office support service to the MEC and to render a strategic support to the department in the areas of finance, human resources, procurement, information and communication systems and policy.

TABLE 6: SUMMARY OF PAYMENTS AND ESTIMATES: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
1. Office of the MEC	2 555	3 952	13 324	6 856	6 856	6 856	7 000	7 350	7 718
2. Corporate Services	87 293	83 280	84 050	92 919	92 919	92 919	155 166	144 550	154 734
3. Programme Support		32 869							
4. Management	23 816	31 715	59 384	27 021	27 021	27 021	8 190	8 602	11 028

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Total payments and estimates	113 664	151 816	156 758	126 796	126 796	126 796	170 356	160 502	173 480

TABLE 7: SUMMARY OF ECONOMIC CLASSIFICATION: ADMINISTRATION

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Current payments	110 279	148 459	153 938	126 796	125 796	116 583	141 486	151 288	163 904
Compensation of employees	46 587	57 018	112 577	48 024	53 524	69 214	69 456	75 703	82 540
Goods and services	63 692	91 441	40 306	78 772	72 272	47 333	71 830	75 375	81 143
Interest and rent on land			1 055			36	200	210	221
Transfers and subsidies to:	1 489	1 580	2 117		1 000	1 096	6 500	6 825	7 167
Provinces and municipalities		24							
Departmental agencies and accounts		1	257			106			
Universities									
Foreign governments and international organisations									
Public corporations and private enterprises		1							
Non-profit institutions									
Households	1 489	1 554	1 860		1 000	990	6 500	6 825	7 167
Payments for capital assets	1 896	1 445	703			517	22 370	2 389	2 409
Buildings and other fixed structures		58							
Machinery and equipment	1 896	1 387	703			517	20 370	389	409
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets							2 000	2 000	2 000
Payments for financial assets		332				8 600			
Total economic classification	113 664	151 816	156 758	126 796	126 796	126 796	170 356	160 502	173 480

Total payments under Administration increased from R113.7 million in 2007/08 to R156.8 million in 2009/10, due to significant expenditure under current payments and the equal distribution of administration costs when the former DPTRW was split. The budget for Administration declined by 19 per cent from R156.7 million in 2009/10 to R126.7 million in 2010/11. Revised estimated figures reflect no total over- or under-expenditure under Administration for the 2010/11 financial year although the Department may identify savings under goods and services and to accommodate spending pressures under other items such as compensation of employees.

The Administration budget grows significantly from R126.8 million in 2010/11 to R170.4 million in the 2011/12 financial year as R20.4 million is allocated to machinery and equipment to purchase a new server for the Department. In 2012/13, the Administration budget declines by 6 per cent to R160.5 million and then increases

again to R173.5 million to accommodate inflationary adjustments. Over the 2011 MTEF, a significant portion of the programme budget is allocated to current payments since compensation of employees and goods and services are its main cost drivers. Due to plans to acquire software to enhance financial planning and reporting, over the 2011 MTEF the budget for software and other intangible assets will be approximately R2 million.

During the 2010/11 financial year, R1 million was transferred to households to fund payments in relation to injuries on duty. To provide for leave gratuities and for bursaries to non-employees to study commerce and/or administration, the allocation for households is R6.5 million in the 2011/12 financial year, increasing to R6.8 million in 2012/13 and R7.1 million in 2013/14.

PROGRAMME 2: PUBLIC WORKS

Programme description

To provide accommodation outside the CBD precinct area for all provincial departments, manage the provincial property portfolio for the optimum benefit of all concerned, and construct, maintain, render professional and technical services to departments in respect of buildings and related infrastructure.

Programme objectives

To construct new facilities and to upgrade, rehabilitate and maintain existing facilities as identified in consultation with the relevant user departments and to manage the property portfolio of the province in line with GIAMA requirements.

TABLE 8: SUMMARY OF PAYMENTS AND ESTIMATES: PUBLIC WORKS

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
1. Construction	64 414	106 394	186 949	111 601	69 601	69 601	74 614	100 795	109 992
2. Maintenance	270 551	244 827	169 991	236 264	284 987	284 987	291 129	320 607	329 124
3. Property Management	226 014	407 343	677 602	520 578	623 654	623 654	597 195	636 510	673 891
Total payments and estimates	560 979	758 564	1 034 542	868 443	978 242	978 242	962 938	1 057 912	1 113 007

TABLE 9: SUMMARY OF ECONOMIC CLASSIFICATION: PUBLIC WORKS

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Current payments	453 498	548 490	730 131	319 865	466 134	692 015	688 663	769 922	809 197
Compensation of employees	169 474	179 758	149 199	195 532	295 255	279 765	345 289	355 023	364 089
Goods and services	284 024	368 732	580 828	124 333	170 879	412 152	343 374	414 899	445 108
Interest and rent on land			104			98			
Transfers and subsidies to:	39 579	200 216	304 112	548 578	512 108	286 100	273 275	286 940	302 707
Provinces and municipalities	226	9 067	12 311	290 197	353 727	126 705	270 775	284 314	299 951
Departmental agencies and accounts	38 115	189 396	290 278	258 381	158 381	149 948			
Universities									
Foreign governments and international organisations									
Public corporations and private enterprises						8 070			
Non-profit institutions									
Households	1 238	1 753	1 523			1 377	2 500	2 626	2 756

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Payments for capital assets	67 897	9 858	299			127	1 000	1 050	1 103
Buildings and other fixed structures	66 000	918							
Machinery and equipment	1 897	8 940	299			127	1 000	1 050	1 103
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets	5								
Total economic classification	560 979	758 564	1 034 542	868 443	978 242	978 242	962 938	1 057 912	1 113 007

Between 2007/08 and 2009/10, expenditure increased at an annual average rate of 36 per cent from R560.9 million to R1 billion. In the 2009/10 financial year, expenditure under this programme reached a peak due to significant payments under goods and services and departmental agencies and accounts due to significant transfers made to the former trading entity, Kopanong Precinct, and payments for municipal rates and taxes.

Over the 2011 MTEF period, the programme budget increases from R962.9 million in 2011/12 to R1 billion in 2012/13. The sub-programmes Maintenance and Property Management influence the total programme expenditure significantly because of payment of municipal rates and taxes, compensation of maintenance staff and payments of leases in relation to the Precinct.

Over the 2011 MTEF period, the cost drivers of this programme are current payments, transfers and subsidies as a result of infrastructure payments, and payments for rates and taxes. During 2010/11, the budget for compensation of employees was adjusted upwards by 51 per cent to provide for higher than anticipated personnel costs after the incorporation of the trading entities' staff and wage negotiations. Over the 2011 MTEF period, the budget for current payments grows from R346.7 million in 2010/11 to R364 million in 2013/14 as a result of compensation of employees and goods and services to accommodate inflationary increases and salary adjustments.

Over the 2011 MTEF period, transfers and subsidies include provision for the payment of rates and taxes under Provinces and municipalities as well as provision for bursaries to non-employees under households. Bursaries will be awarded to qualifying students to study in the field of engineering as there a shortage in this profession.

SERVICE DELIVERY MEASURES

PROGRAMME 2: PUBLIC WORKS

Programme/ Sub-programme Performance Measure	Estimated Annual targets		
	2011/12	2012/13	2013/14
Immovable Assets			
Number of leases concluded in respect of provincially owned properties	150	180	190
Number of lease agreements in respect of office accommodation not renewed	12	24	20
Number of properties acquired			
Number of new commercial leases concluded	50	70	80
Number of GPG owned properties maintained	1000	1000	1000
Number of GPG owned properties verified	400	400	400

Programme/ Subprogramme Performance Measure	Estimated Target 2011/12					
	Community Development	Social Development	SRAC	DARD	Education	Health
Design						
Number of projects ready for tender					43	
Construction						
Number of contracts awarded to HDI's Compliance service providers						
Number of contracts awarded to WOE's						
Number of projects completed within prescribed time			1		13	
Maintenance						
Number of planned maintenance projects approved						15
Number of planned maintenance projects completed				8		215
Number of projects awarded				5		427
Number of projects under implementation				5		427
Number of projects completed within prescribed time						215
Number of projects completed within budget						215
Number of health projects maintained						258

PROGRAMME 3: COMMUNITY BASED PROGRAMME

Programme description

Facilitate the implementation of multi-sectoral projects across the province whereby particularly youth, women and people with disabilities are provided with relevant training and productive employment opportunities such that skills and enterprises are developed and sustained, infrastructure is developed and maintained, and local economies enhanced.

Programme objectives

To coordinate and lead EPWP in Gauteng Province by promoting linkages between sectors; addressing unemployment by generating decent and sustainable jobs; monitoring and facilitating evaluation of EPWP projects in Gauteng; facilitating skills development through technical and institutional training; and facilitating job opportunities by targeting the vulnerable sector of society/the community especially women, youth and people with disabilities.

TABLE 10: SUMMARY OF PAYMENTS AND ESTIMATES: COMMUNITY BASED PROGRAMME

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
1. Programme Support		54 116	59 718	68 665	68 665	68 665	57 309	59 833	60 541
2. Project Implementation	224 436	122 823	115 439	140 335	140 335	33 335	149 878	167 931	181 172
Total payments and estimates	224 436	176 939	175 157	209 000	209 000	102 000	207 187	227 764	241 713

TABLE 11: SUMMARY OF ECONOMIC CLASSIFICATION: COMMUNITY BASED PROGRAMME

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Current payments	51 178	156 698	174 997	209 000	208 999	101 951	205 987	226 414	240 113
Compensation of employees	13 129	19 741	43 143	64 039	64 039	64 039	23 400	26 048	27 351
Goods and services	38 049	136 957	131 854	144 961	144 960	37 912	182 587	200 366	212 762
Interest and rent on land									
Transfers and subsidies to:	163 487	19 847			1	49	1 200	1 350	1 600
Provinces and municipalities									
Departmental agencies and accounts		17 711							
Universities									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households	163 487	2 136			1	49	1 200	1 350	1 600
Payments for capital assets	9 771	5	197						
Buildings and other fixed structures	9 656								
Machinery and equipment	115	5	197						
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets		389	(37)						
Total economic classification	224 436	176 939	175 157	209 000	209 000	102 000	207 187	227 764	241 713

Total payments for the programme declined from R224.4 million in 2007/08 to R175.2 million in 2009/10 as a result of the late commencement of key projects due to fiscal constraints. Expenditure for the programme is mainly attributed to the Project Implementation sub-programme where all the key projects are implemented. In the 2010/11 financial year, the

Over the 2011 MTEF, expenditure is estimated at R207.2 million in 2011/12, R227.8 million in 2012/13 and R241.7 million in the 2013/14 financial year.

The main cost driver of the programme is goods and services which grow from R182.6 million in 2011/12 to R212.8 million in 2013/14 at an annual average rate of 8 per cent. Over the 2011 MTEF, provision under goods and services was made for the payments of National Youth Service (NYS) students who receive monthly stipends. The programme will continue with the major projects that are in progress and therefore the goods and services budget over the medium term will also be used for projects such as the Sokhulum MPCC, Katlehong Old Age Phase 11, Lillian Ngoyi African Market, Lehae MPCC, Eikenhof VIP toilets & Communal Water Supply, Mdlalose Link, Diepkloof Paving and Langalibalele Primary School, Tembisa MPCC, Pfananani Enterprise Development, Soshanguve Block H and Lakeside MPCC. The Community Based Programme will also incubate 50 emerging contractors to provide them with the required skills to sustain their businesses.

SERVICE DELIVERY MEASURES**PROGRAMME 3: COMMUNITY BASED PROGRAMME**

Programme/ Sub-programme Performance Measure	Estimated targets		
	2011/12	2012/13	2013/14
Number of people employed	143 110	150 265	157 778
Number of employment days created	149 25	15 671	16 454
Number of jobs created	143 110	150 265	157 778
Number of FTE's	39 182	41 141	43 198
Number of youths (18-35) employed	62 698	65 833	69 125
Number of women employed	35 851	37 643	39 525
Number of PLWD	1 268	1 331	1 397
Number of people trained	1 431	1 502	1 577

7. OTHER PROGRAMME INFORMATION**7.1. Personnel numbers and costs****TABLE 12: PERSONNEL NUMBERS AND COST: INFRASTRUCTURE DEVELOPMENT**

	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 March 2014
Personnel numbers							
1. Administration	282	295	355	355	381	381	381
2. Public Works	1 025	1 040	1 860	1 860	1 379	1 379	1 379
3. Community Based Programme	12	30	33	33	80	80	80
Total departmental personnel numbers	1 319	1 365	2 248	2 248	1 840	1 840	1 840
Total departmental personnel cost (R thousand)	229 191	256 517	304 919	413 018	438 145	456 774	473 980
Unit cost (R thousand)	174	188	221	184	238	248	258

The table above indicates that the Department's personnel numbers increased from 1319 in March 2008 to 2248 in March 2010. This is due to the absorption of the employees from the former trading entities Personnel numbers and costs are mainly concentrated in Programme 2: Public Works as Programme 1: Administration has a large number of vacancies. The budget for personnel is expected to increase over the 2011 MTEF as the Department will fill most of the essential posts.

Over 400 employees were migrated into the department from the Impophoma Infrastructure Support Entity (IISE), and staff also joined from Emoyeni and Kopanong. Most of the employees from the IISE are currently employed within maintenance and work at hospitals. The Department instituted a headcount during the 2010/11 financial year to verify all staff members and to ensure that those officials who should be transferred to other departments are transferred accordingly.

TABLE 13: SUMMARY OF DEPARTMENTAL PERSONNEL NUMBERS AND COST: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Total for department									
Personnel numbers (head count)	1 319	1 365	1 378	2 248	1 840	1 840	1 840	1 840	1 840
Personnel cost (R thousands)	229 190	256 517	304 919	307 595	412 818	413 018	438 145	456 774	473 980
Human resources component									
Personnel numbers (head count)				60	60	60	68	68	68
Personnel cost (R thousands)				7 212	8 231	9 346	10 786	11 865	13 051

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Head count as % of total for department				3%	3%	3%	4%	4%	4%
Personnel cost as % of total for department				2%	2%	2%	2%	3%	3%
Finance component									
Personnel numbers (head count)				92	92	92	92	92	92
Personnel cost (R thousands)				11 058	12 620	14 331	14 593	16 052	17 657
Head count as % of total for department				4%	5%	5%	5%	5%	5%
Personnel cost as % of total for department				4%	3%	3%	3%	4%	4%
Full time workers									
Personnel numbers (head count)	1 057	1 092	1 100	1 514	1 234	1 234	1 644	1 644	1 644
Personnel cost (R thousands)	189 078	214 948	249 205	241 352	324 094	327 809	391 648	407 875	422 550
Head count as % of total for department	80%	80%	80%	67%	67%	67%	89%	89%	89%
Personnel cost as % of total for department	82%	84%	82%	78%	79%	79%	89%	89%	89%
Part-time workers									
Personnel numbers (head count)									
Personnel cost (R thousands)									
Head count as % of total for department									
Personnel cost as % of total for department									
Contract workers									
Personnel numbers (head count)	262	273	278	582	454	454	36	36	36
Personnel cost (R thousands)	110 112	41 569	55 794	104 517	144 552	137 619	12 771	13 423	14 267
Head count as % of total for department	20%	20%	20%	26%	25%	25%	2%	2%	2%
Personnel cost as % of total for department	48%	16%	19%	34%	35%	33%	3%	3%	3%

7.2. Training

TABLE 14: PAYMENTS ON TRAINING: INFRASTRUCTURE DEVELOPMENT

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
1. Administration	2 785	7 996	570	4 625	4 625	4 125	1 535	1 710	1 821
of which									
Subsistence and travel	2 535	6 995	570	4 138	4 138	3 638	200	210	221
Payments on tuition	250	1 001		487	487	487	1 335	1 500	1 600
2. Public Works	9 311	1 843	13 860	17 734	17 734	2 234	6 371	7 366	8 535
Subsistence and travel	9 311	1 843	13 860	17 734	17 734	2 234	3 206	3 366	3 535
Payments on tuition							3 165	4 000	5 000

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
3. Community Based Programme		3 760	939	1 113	1 113	841	70	85	105
Subsistence and travel		3 760	939	1 100	1 100	831	70	85	105
Payments on tuition				13	13	10			
Total payments on training	12 096	13 599	15 369	23 472	23 472	7 200	7 976	9 161	10 461

In order to enhance the performance of employees and improve service delivery training under Administration will be based on financial and administrative skills for example information technology, financial accounting, financial management, taxation, etc. Training under Public Works will involve engineering, property management etc which are regarded as scarce professions. Provision has been made for travelling and subsistence costs where the training takes place at external venues. Under Programme two travelling and subsistence allowances have increased with at an average rate of 28 per cent from R13.9 million in 2009/10 to R17.7 million in 2010/11 due to a lot of travelling by regional staff since they have to travel between sites and regions.

TABLE 15: INFORMATION ON TRAINING: INFRASTRUCTURE DEVELOPMENT

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Number of staff	1948	2206	1404	1436	1439	1442	1439	1442	1445
Number of personnel trained	511	519	619	722	900	900	1000	1100	1200
of which									
Male	439	444	533	621	450	450	500	550	600
Female	72	75	86	101	450	450	500	550	500
Number of training opportunities	75	81	50	50	50	50	50	50	50
of which									
Tertiary	75	81	50	50	50	50	50	50	50
Workshops									
Seminars									
Other									
Number of bursaries offered									
Internal	17	18	48	28	28	28	78	50	50
External				20	20	20	70	50	50
Number of interns appointed	65	66	68	74	74	74	75	72	72
Number of learnerships appointed	87	88	91	94	94	94	101	148	148
Number of days spent on training									

Over the years training has been a priority for the departments as 511 employees were trained in 2007/08 and this has increased in 2009/10 to 619 employees. Between 2009/10 and 2010/11, 722 employees were trained and this number is expected to increase from 1000 to 1200 over the medium term.

In 2007/08 the department invested in learnerships which increased from 87 to 94 in 2009/10 and these learners were placed in different directorates for a period of 12 months. Over the 2011 MTEF the numbers is expected to increase from 101 to 148. The department has taken up 65 interns in 2007/08 and the number has increased slightly to 74 in the 2009/10 financial year. Some of these interns after their internship were appointed on a fixed contract by the department.

The department has also invested in bursaries to non employees who are currently studying in different institutions for a period over 3 to 4 years depending on the qualification. The number of bursaries has increased from 17 in

2007/08 to 48 in 2009/10. This number has decreased from 48 in 2009/10 to 28 in 2010/11 as some of the students have completed their courses.

The department is planning to train an average of 50 employees from the period 2009/10 to 2013/14 however; this number may increase as the directorates submit their training needs. The number of employees trained has increased from 71 in 2007/08 to 85 in 2008/09 and has decreased to 50 in the 2009/10.

ANNEXURE TO THE ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE

TABLE 16: SPECIFICATION OF RECEIPTS: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Tax receipts									
Casino taxes									
Horse racing taxes									
Liquor licences									
Motor vehicle licences									
Sales of goods and services other than capital assets		13 171	8 455	12 942	12 942	12 942	11 500	12 000	11 950
Sale of goods and services produced by department (excluding capital assets)		13 171	8 455	12 942	12 942	12 942	11 500	12 000	11 950
Sales by market establishments									
Administrative fees									
Other sales		13 171	8 455	12 942	12 942	12 942	11 500	12 000	11 950
Of which									
<i>Market estab: Rental on buildings</i>			7 695	8 400	8 400	8 400	9 000	9 300	9 500
<i>Serv Rend: Boarding fees</i>			119	1 442	1 442	1 442	1 000	1 000	1 200
<i>Serv Rend: Camping fees</i>			128						
<i>Sales: Publications</i>			103	2 100	2 100	2 100	1 500	1 700	1 250
Sales of scrap, waste, arms and other used current goods (excluding capital assets)									
Transfers received from:									
Other governmental units									
Universities and technikons									
Foreign governments									
International organisations									
Public corporations and private enterprises									
Households and non-profit institutions									
Fines, penalties and forfeits									
Interest, dividends and rent on land		435	7						
Interest		435							
Dividends									
Rent on land			7						
Sales of capital assets									
Land and sub-soil assets									
Other capital assets									
Transactions in financial assets and liabilities	2 193	14 832	5 715	1 347	1 347	1 347	1 460	1 533	1 617
Total departmental receipts	2 193	28 438	14 177	14 289	14 289	14 289	12 960	13 533	13 567

TABLE 17: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Current payments	110 279	148 459	153 938	126 796	125 796	116 583	141 486	151 288	163 904
Compensation of employees	46 587	57 018	112 577	48 024	53 524	69 214	69 456	75 703	82 540
Salaries and wages	43 947	52 997	101 942	42 536	47 786	63 476	63 078	68 733	74 923
Social contributions	2 641	4 021	10 635	5 488	5 738	5 738	6 378	6 970	7 617
Goods and services of which	63 692	91 441	40 306	78 772	72 272	47 333	71 830	75 375	81 143
Administrative fees		59	204	211	211	211			
Advertising	2 221	5 654	540	4 346	4 346	3 846	90	95	100
Assets <R5000	2 515	127	137	1 963	1 963	1 962	180	190	200
Audit cost: External	292	2 174	342	263	263	7 739	5 000	5 250	5 513
Bursaries (employees)	250	503	373	487	487	487	4 500	4 725	4 962
Catering: Departmental activities		1 426	533	951	951	951	80	85	88
Communication	1 094	18 428	1 017	1 433	1 433	2 342	485	510	535
Computer services	1 120	6 118	2 299	5 110	5 110	4 445	270	284	298
Cons/prof: business & advisory services	35 330	7 667		37 708	36 708	6 506			
Cons/prof: Infrastructure & planning				1 144	1 144	1 289			
Cons/prof: Laboratory services									
Cons/prof: Legal cost	225	2 255	179	1 890	390	4 455	5 000	5 250	5 513
Contractors		8 655	1 701	591	591	591			
Agency & support/ outsourced services		13 166	17 639	9 685	5 685	314	7 550	7 875	10 269
Entertainment	13	493	62	17	17	133	5	6	7
Government motor transport		70							
Housing									
Inventory: Food and food supplies	296	809		443	443	442	110	116	121
Inventory: Fuel, oil and gas			98						
Inventory: Learn & teacher support material	329	420	68						
Inventory: Materials and supplies									
Inventory: Medical supplies									
Inventory: Medicine		2							
Medsas inventory interface									
Inventory: Military stores									
Inventory: Other consumables	5 885	617	957	207	207	207			
Inventory: Stationery and printing	3 020	2 234	1 157	3 354	3 354	2 808	458	481	505
Lease payments		3 659	2 129	2 026	2 026	2 161	12 520	13 147	13 803

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	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
<i>Owned & leasehold property expenditure</i>		7	546				30 000	31 500	33 075
<i>Transport provided dept activity</i>		25							
<i>Travel and subsistence</i>	2 535	12 246	9 366	4 138	4 137	3 638	200	210	221
<i>Training & staff development</i>	5 393	3 266	897	731	731	731	2 512	2 638	2 769
<i>Operating expenditure</i>	618	7	57	1 381	1 381	1 381	2 750	2 887	3 032
<i>Venues and facilities</i>	2 559	1 360	5	694	694	694	120	126	132
<i>Interest and rent on land</i>			1 055			36	200	210	221
<i>Interest</i>			1 055			36	200	210	221
<i>Rent on land</i>									
Transfers and subsidies to:	1 489	1 580	2 117		1 000	1 096	6 500	6 825	7 167
Provinces and municipalities		24							
Provinces									
Provincial Revenue Funds									
Provincial agencies and funds									
Municipalities		24							
Municipalities		24							
of which: Regional service council levies									
Municipal agencies and funds									
Departmental agencies and accounts		1	257			106			
Social security funds		1	257			106			
Universities									
Foreign governments and international organisations									
Public corporations and private enterprises ⁵		1							
Public corporations		1							
Subsidies on production									
Other transfers		1							
Private enterprises									
Subsidies on production									
Other transfers									
Non-profit institutions									
Households	1 489	1 554	1 860		1 000	990	6 500	6 825	7 167
Social benefits	1 489	1 554	1 860		1 000	990	1 000	1 050	1 103
Other transfers to households							5 500	5 775	6 064
Payments for capital assets	1 896	1 445	703			517	22 370	2 389	2 409

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Buildings and other fixed structures		58							
Buildings		58							
Other fixed structures									
Machinery and equipment	1 896	1 387	703			517	20 370	389	409
Transport equipment									
Other machinery and equipment	1 896	1 387	703			517	20 370	389	409
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets							2 000	2 000	2 000
Payments for financial assets		332				8 600			
Total economic classification	113 664	151 816	156 758	126 796	126 796	126 796	170 356	160 502	173 480

TABLE 18: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: PUBLIC WORKS

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Current payments	453 498	548 490	730 131	319 865	466 134	692 015	688 663	769 922	809 197
Compensation of employees	169 474	179 758	149 199	195 532	295 255	279 765	345 289	355 023	364 089
Salaries and wages	145 919	155 231	137 451	180 329	280 052	264 562	320 211	327 144	339 787
Social contributions	23 555	24 527	11 748	15 203	15 203	15 203	25 078	27 879	24 302
Goods and services	284 024	368 732	580 828	124 333	170 879	412 152	343 374	414 899	445 108
of which									
Administrative fees		133			50	176			
Advertising	218	2 042	4 906	956	707	706	340	358	376
Assets <R5000	562	255	154	2 462	962	962	200	210	220
Audit cost: External									
Bursaries (employees)			681						
Catering:									
Departmental activities		49	180	80	80	80	50	53	56
Communication	18 543	4 677	23 397	4 120	1 770	1 770	938	985	1 034
Computer services		91	561	956	956	956	540	567	596
Cons/prof:business & advisory services	232 296	87 514			30	30	31 000	42 000	44 100
Cons/prof: Infrastructure & planning					6 000	5 706	34 273	26 250	27 513
Cons/prof: Laboratory services									
Cons/prof: Legal cost	355		3 086			793	5 000	5 250	5 513

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	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Contractors		43 492	67 031	47 349	12 349	12 349	123 180	269 807	284 848
Agency & support/ outsourced services		105 843	143 951	32 822	78 037	77 838	11 474	10 526	19 000
Entertainment	39	15	2						
Government motor transport							682	716	752
Housing			7						
Inventory: Food and food supplies		439	53	295	295	295			
Inventory: Fuel, oil and gas		1 236	138	198	198	198	410	431	453
Inventory: Learn & teacher support material		5	294				2	3	4
Inventory: Materials and supplies		3				23	440	462	486
Inventory: Medical supplies							100	105	110
Inventory: Medicine				82	82	82			
Medsas inventory interface									
Inventory: Military stores									
Inventory: Other consumables	5 440	1 715	1 600	3 793	1 393	1 393	300	315	331
Inventory: Stationery and printing	1 415	802	14 161	2 962	1 462	1 462	874	918	965
Lease payments	8 104	13 164	29 993	4 088	59 588	68 140	120 088	41 785	43 874
Owned & leasehold property expenditure	3 124	86 865	267 701	4 218	3 718	232 298	8 632	9 064	9 517
Transport provided dept activity			53				50	53	56
Travel and subsistence	9 311	15 517	20 858	17 734	2 234	2 234	3 206	3 366	3 535
Training & staff development	2 188	3 673	971	2 086	886	886	1 475	1 549	1 636
Operating expenditure	1 234	20	48	9	9	3 702			
Venues and facilities	1 195	1 182	1 002	123	73	73	120	126	133
Interest and rent on land			104			98			
Interest			104			98			
Rent on land									
Transfers and subsidies to:	39 579	200 216	304 112	548 578	512 108	286 100	273 275	286 940	302 707
Provinces and municipalities	226	9 067	12 311	290 197	353 727	126 705	270 775	284 314	299 951
Provinces				83 730	42 273				
Provincial Revenue Funds									
Provincial agencies and funds				83 730	42 273				
Municipalities	226	9 067	12 311	206 467	311 454	126 705	270 775	284 314	299 951
Municipalities	226	9 067	12 311	206 467	311 454	126 705	270 775	284 314	299 951
of which: Regional service council levies									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Municipal agencies and funds									
Departmental agencies and accounts	38 115	189 396	290 278	258 381	158 381	149 948			
Social security funds	38 115	189 396	290 278	258 381	158 381	149 948			
Universities									
Foreign governments and international organisations									
Public corporations and private enterprises						8 070			
Public corporations						8 070			
Subsidies on production									
Other transfers						8 070			
Private enterprises									
Subsidies on production									
Other transfers									
Non-profit institutions									
Households	1 238	1 753	1 523			1 377	2 500	2 626	2 756
Social benefits	1 238		1 132				1 250	1 313	1 378
Other transfers to households		1 753	391			1 377	1 250	1 313	1 378
Payments for capital assets	67 897	9 858	299			127	1 000	1 050	1 103
Buildings and other fixed structures	66 000	918							
Buildings									
Other fixed structures	66 000	918							
Machinery and equipment	1 897	8 940	299			127	1 000	1 050	1 103
Transport equipment									
Other machinery and equipment	1 897	8 940	299			127	1 000	1 050	1 103
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets	5								
Total economic classification	560 979	758 564	1 034 542	868 443	978 242	978 242	962 938	1 057 912	1 113 007

TABLE 19: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: COMMUNITY BASED PROGRAMME

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Current payments	51 178	156 698	174 997	209 000	208 999	101 951	205 987	226 414	240 113
Compensation of employees	13 129	19 741	43 143	64 039	64 039	64 039	23 400	26 048	27 351
Salaries and wages	12 099	19 290	42 829	63 455	63 455	63 454	15 405	16 653	17 486
Social contributions	1 030	451	314	584	584	585	7 995	9 395	9 865
Goods and services of which	38 049	136 957	131 854	144 961	144 960	37 912	182 587	200 366	212 762
Administrative fees									
Advertising	1 800	150	683				225	268	300
Assets <R5000	8	844	189	29	29	62	30	42	50
Audit cost: External									
Bursaries (employees)				13	12	10			
Catering:									
Departmental activities		133	100	9	9	26	50	75	100
Communication	600	205	390	568	568	486	330	407	470
Computer services	1 500	15	7				4 000	5 100	6 000
Cons/prof:business & advisory services	31 941	59 286		141 619	141 619	5 849			
Cons/prof: Infrastructure & planning							17 139	20 000	25 000
Cons/prof: Laboratory services									
Cons/prof: Legal cost		1 500	45			865			
Contractors		38 837	27 065			13 027	62 878	71 031	74 000
Agency & support/ outsourced services		30 000	100 367	410	410	15 213	40 555	42 583	42 571
Entertainment									
Government motor transport							1 000	1 050	1 200
Housing									
Inventory: Food and food supplies		75	32	39	39	29	10	11	21
Inventory: Fuel, oil and gas			922						
Inventory:Learn & teacher support material									
Inventory: Materials and supplies									
Inventory: Medical supplies									
Inventory:Medicine									
Medsas inventory interface									
Inventory: Military stores									
Inventory: Other consumables	2 200		704				550	2 100	2 000
Inventory: Stationery and printing		301	319	71	71	53	50	53	70

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Lease payments		116	62	125	125	111	200	400	450
Owned & leasehold property expenditure		2							
Transport provided dept activity									
Travel and subsistence		3 760	939	1 100	1 100	831	70	86	105
Training & staff development		1 548	30	690	690	503	1 450	1 635	1 825
Operating expenditure		5				629	52 800	55 000	58 000
Venues and facilities		180		288	288	218	1 250	525	600
Interest and rent on land									
Interest									
Rent on land									
Transfers and subsidies to:	163 487	19 847			1	49	1 200	1 350	1 600
Provinces and municipalities									
Provinces									
Provincial Revenue Funds									
Provincial agencies and funds									
Municipalities									
Municipalities of which: Regional service council levies									
Municipal agencies and funds									
Departmental agencies and accounts		17 711							
Social security funds		17 711							
Universities									
Foreign governments and international organisations									
Public corporations and private enterprises ⁵									
Public corporations									
Subsidies on production									
Other transfers									
Private enterprises									
Subsidies on production									
Other transfers									
Non-profit institutions									
Households	163 487	2 136			1	49	1 200	1 350	1 600
Social benefits	163 487	2 136			1	49	600	675	800
Other transfers to households							600	675	800

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R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Payments for capital assets	9 771	5	197						
Buildings and other fixed structures	9 656								
Buildings									
Other fixed structures	9 656								
Machinery and equipment	115	5	197						
Transport equipment									
Other machinery and equipment	115	5	197						
Heritage Assets									
Specialised military assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets		389	(37)						
Total economic classification	224 436	176 939	175 157	209 000	209 000	102 000	207 187	227 764	241 713

GLOSSARY

The numeric data in this Adjusted EPE has been classified in terms of government finance statistics (GFS).

1. Receipts

1.1 Tax receipts

Tax receipts are defined as compulsory, unrequited revenue collected by government units. This mainly consists of taxes, for example, casino tax, motor vehicle licenses and gambling, wherein the other party is required by statutory provision to pay taxes in certain circumstances and under certain conditions.

1.2 Sales of goods and other than capital assets

This category consists of sales by government units, provided that the government has produced the goods or services. This item has the following components:

- Sale by market establishments: this includes instances where government units sell goods or services at market related prices.
- Administrative fees: this consists of revenue collected for sales of regulatory or administrative services. Examples are court and passport fees, drivers' and pilots' license fees, firearm license fees, and radio and television license fees.
- Other sales: this includes revenue from the sale of other goods and services produced or partially produced by a government unit. This includes rental of buildings and machinery, as well as hospital, university, park and museum fees, and seeds and livestock produced by the government.
- Sales of scrap, waste, arms and other used goods other than capital assets: this includes sales of all used goods not considered capital assets, such as used military equipment and scrap material.

1.3 Transfers received

This item consists of all unrequited receipts from other parties except fines, penalties, forfeits and compensation for damage. When a department does not pay anything in return for the transfer from the other party (except in connection with fines, penalties, forfeits and compensation for damage), an entry should be made under one of the various transfer categories. Current and capital transfers are included in this item. Examples of current transfers are voluntary donations, transfers from other government bodies, and grants from foreign governments and international organisations.

Examples of capital transfers are cash receipts which a department is required to use toward the acquisition of a capital asset, or transfer of ownership rights of capital assets in favour of the department. Departments are requested to distinguish between the following transfer categories:

- Transfers from other governmental units (but excluding educational institutions);
- Transfers from universities and technikons;
- Transfers from foreign governments;
- Transfers from international organisations;
- Transfers from public corporations and private enterprises; and
- Transfers from households and non-profit institutions.

1.4 Fines, penalties and forfeits

This item consists of compulsory payments imposed by a court or quasi-judicial body. Out-of-court settlements are also included in this category.

1.5 Interest, dividends and rent on land

This item has three components:

- Interest: this item consists of the revenue associated with ownership of interest-bearing financial instruments, such as bank deposits, loans extended to others, bills and bonds.
- Dividends: this item consists of the revenue associated with ownership of the capital or part of the capital of a productive unit, for example a state-owned enterprise. Dividends come in the form of revenue from

shares and distribution of profits to the owner. Gains/losses associated with valuation changes should not be included in this amount reported here.

- Rent on land: this item consists of the revenue due to ownership of land. If it is not possible to distinguish the revenue due to ownership of land from that due to the fixed structures erected thereupon, the whole amount should be recorded under sales of goods and services produced by departments. This item also includes all revenue due to ownership of sub-soil assets and other naturally occurring assets such as virgin forests, game and fisheries that are commercially exploitable.

1.6 Sales of capital assets

This item has two components:

- Land and subsoil assets: land excludes fixed structures erected thereupon. If it is not possible to separate the land from the structures that are erected thereupon, the combined value of the sale should be recorded under buildings or other structures as the case may be. The category, subsoil assets, consists of all assets found subsoil, for example proven reserves of oil, minerals and ores.
- Other capital assets: this item consists of goods that can be used continuously or repeatedly in production for at least one year. Examples are buildings, bridges, roads, machinery, vehicles, software and cultivated assets, such as breeding cattle, dairy cattle, fur- or wool-producing animals as well as trees and shrubs used for production of fruit and nuts.

It deserves notice that sales of goods, such as small tools, worth less than R5 000 are not included under sales of capital assets. These sales should be classified under sales of used goods other than capital assets.

1.7 Financial transactions in assets and liabilities

It is necessary to provide for receipts associated with transactions in financial assets and liabilities. This item mainly consists of transactions that reduce a debtor's outstanding account. Examples are payments of loans and advances to public corporations and to employees, as well as the creation of a liability such as stale cheques.

2. Payments

2.1 Current payments

Compensation of employees

Government departments are requested to distinguish between two components:

- Salaries and wages: payable regularly, weekly or monthly or at other intervals; and
- Social contributions: which includes the government's contribution (but not the employees' contribution) to social insurance schemes paid on behalf of employees, example, unemployment insurance funds and pension funds.

Goods and services

This item includes payments for all goods and services, except payments for capital assets and items classified as capitalised expenditure. Goods to be included under this category are all goods that cannot be used continuously or repeatedly in production for a year. Examples would be petrol, coal, small tools, etc. Except if they are to be used within a capital project in which case they should be classified as under the relevant asset category under capital payments (as part of capitalised expenditure). Examples of services are hotels, restaurants, transport, communication, banking, insurance, business services and training, as well as rental of buildings, equipment and vehicles, again except if the service is to be used within a capital project, in which case it should be classified as fixed assets (as part of capitalised expenditure). Payments for rent of land is not included in this category unless it is impossible to distinguish between the rent of land and rental of the fixed structures erected thereupon, in which case rent of land is included in goods and services. If it is possible to make this distinction, rent of land and rent of other naturally occurring assets should be recorded under interest and rent of land.

Interest and rent on land

This item has two components:

- Interest: this item includes the total value of interest payments associated with debts for example interest on borrowing or overdraft facilities.
- Rent on land: this item includes the total value of payments due to use of land owned by another party, including other government units. If possible, payments associated with the use of land should be distinguished from payments due to use of buildings or other fixed structures which are classified under goods and services.

2.2 Transfers and subsidies

This item includes unrequited payments made by a government unit. Stated differently, when a department does not receive anything in return for the transfer to the other party, an entry should be made under one of the various transfer categories. Both current and capital transfers are included in this item; the main reason for including both categories is that in practice it is often difficult to differentiate between these two categories. Examples of current transfers are social security benefits paid to households, fines, penalties, compulsory fees and compensation for injuries or damages. Examples of capital transfers are debt forgiveness (to public and private entities) as well as payments to enterprises (publicly and privately owned) or entities.

Departments are requested to distinguish between the following transfer categories:

- Transfers to provinces and municipalities;
- Transfers to departmental agencies and accounts;
- Transfers to universities;
- Transfers to foreign governments and international organisations;
- Transfers to public corporations and private enterprises;
- Transfers to non-profit institutions; and
- Transfers to households.

All these transfer categories are self-explanatory with the exception of transfers to public corporations and private enterprises. Transfers to public corporations and private enterprises consist of all transfers whose purpose is not to subsidise production. Because virtually all transfers to public corporations and private enterprises are intended to subsidise production, this category will be very small.

Social benefits are included in current transfers to households. These are the transfers made to households to protect them against events that may adversely affect their social welfare, for example payments for medical and maternity care, home care, pensions and unemployment compensation. Transfers to households included under other transfers to households are capital transfers, for example housing transfers.

2.3 Payments for capital assets

This category consists of purchases of, on the one hand, capital assets that can be used repeatedly or continuously in the production process for at least one year, and, on the other, land and subsoil assets. Capital assets should be separated into the following categories:

Buildings and other fixed structures:

- Buildings: these assets can be used continuously or repeatedly in production for at least one year.
- Other fixed structures: this asset category consists of all fixed structures other than buildings. It includes roads, bridges and dams. These assets can be used continuously or repeatedly in production for at least one year.

Machinery and equipment:

- Transport equipment: this asset category includes vehicles, ships, aircraft and any other asset that can be used for transportation of goods or persons. These assets can be used continuously or repeatedly in production for at least one year.
- Other machinery and equipment: this asset category includes machinery, engines, motors, generators and computer hardware. These assets can be used continuously or repeatedly in production for at least one year.

Heritage Assets

This asset category includes historical buildings and monuments, archeological sites, conservation areas and nature reserves, as well as works of art.

Specialised Military Assets:

This asset category includes weapons, weapon delivery systems, ammunition and exposure equipment, flying suits and parachutes, rigging, ships and marine equipment.

Biological assets

Animals and plants that are used repeatedly or continuously for more than one year to produce other goods or services. Examples of animals to be included in this category are dairy cattle, draft animals, fur- or wool-producing animals, breeding stocks, game and animals used for transportation and entertainment. Examples of plants are trees, vines and shrubs cultivated for production of fruits, nuts, sap, resin, bark and leaf products.

Land and sub-soil assets

This asset category includes all non-produced, non-financial assets, namely land and sub-soil assets.

Software and other intangible assets

This asset category includes computer software, artistic originals and mineral exploration, as well as any other intangible asset that can be used continuously or repeatedly in production for at least one year. Research and development, staff training and market research does not constitute capital assets, and payments on such items should be classified under goods and services.

Payments for financial assets

It is necessary to provide for payments associated with certain purchases of financial assets; that is to expense the account. Most purchases of financial assets are not considered payments, but it is sensible to do so when the government lends to public corporations or makes equity investments in them, for policy purposes.

Capitalised compensation/goods and services

Payments on capital assets also includes capitalised expenditure, i.e. Expenditure on compensation of employees and goods and services if such payments can be directly associated with a capital project, i.e. A project executed by the department to construct, improve or extend a capital asset. However, payments on maintenance and repair of assets should not be capitalised.

Capitalised expenditure should be classified under the relevant asset category, for example, buildings, other structures, transport equipment or software and other intangible assets as the case may be.